



211 Branches in 112 Cities

Condensed Interim Financial Information  
for the Half Year Ended June 30, 2014  
(Un-Audited)

# CONTENTS

Company Information	02
Directors' Report to the Members	03
Auditors' Review Report on Unconsolidated Condensed Interim Financial Information to the Members	06
Unconsolidated Condensed interim Statement of Financial Position	08
Unconsolidated Condensed Interim Profit & Loss Account	09
Unconsolidated Condensed Interim Statement of Comprehensive Income	10
Unconsolidated Condensed Interim Statement of Changes in Equity	11
Unconsolidated Condensed Interim Cash Flow Statement	12
Notes to the Unconsolidated Condensed Interim Financial Information	13
Auditors' Review Report on Consolidated Condensed Interim Financial Information to the Members	29
Consolidated Condensed interim Statement of Financial Position	30
Consolidated Condensed Interim Profit & Loss Account	31
Consolidated Condensed Interim Statement of Comprehensive Income	32
Consolidated Condensed Interim Statement of Changes in Equity	33
Consolidated Condensed Interim Cash Flow Statement	34
Notes to the Consolidated Condensed Interim Financial Information	35

# COMPANY INFORMATION

Board of Directors	Chairman	Mr. Jahangir Siddiqui Mr. Mazharul Haq Siddiqui Mr. Ashraf Nawabi Mr. Shahab Anwar Khawaja Mr. Adil Matcheswala Mr. Kalim-ur-Rahman Mr. G.M. Sikander
President & Chief Executive Officer		Mr. Khalid Imran
Audit Committee	Chairman Member Member	Mr. Shahab Anwar Khawaja Mr. Jahangir Siddiqui Mr. Adil Matcheswala
Company Secretary		Mr. Muhammad Yousuf Amanullah
Auditors		M. Yousuf Adil Saleem & Co. Chartered Accountants (Member firm of Deloitte Touche Tohmatsu)
Legal Advisors		Haidermota BNR Liaquat Merchant Associates Bawaney & Partners
Share Registrar		Technology Trade (Pvt.) Limited 241-C, Block-2, P.E.C.H.S., Karachi.
Registered Office		JS Bank Limited Shaheen Commercial Complex Dr. Ziauddin Ahmed Road P.O. Box 4847 Karachi-74200, Pakistan. <a href="http://www.jsbl.com">www.jsbl.com</a>

# DIRECTORS' REPORT

On behalf of the Board of Directors, I am pleased to present the reviewed financial statements of JS Bank Limited (the 'Bank') along with reviewed consolidated financial statements of the Bank with its subsidiaries JS Global Capital Limited and JS Investments Limited for the half year ended June 30, 2014.

## The Economy

Pakistan's economy continues to face challenges. Modest recovery was witnessed in January-June 2014 period. External account registered the biggest improvement as Pakistan's foreign exchange reserves crossed the US\$14bn mark. This rise was on the back of (1) the US\$1.5bn 'received from Saudi Arabia, (2) Eurobond issue of US\$2.0bn (vis-à-vis target of US\$500mn) and (3) materialization of 3G auction, which fetched around US\$1.1bn. Pak Rupee appreciated by 6.6% vs. the US Dollar during January-June 2014. FY14 GDP growth clocked in at 4.1% (below the government's target of 4.4%) while inflation was at 8.6% YoY.

The banking sector aggregate deposits in 2Q2014 posted a growth of 6.8%QoQ, reaching PKR 8.1 trillion. Advances in the same period grew at a relatively slower pace of 4.5%QoQ to reach PKR4.3trillion. Consequently, banking sectors' ADR was lower at 53% from 54% in March 2014. Investments on the other hand, declined by 3.1%QoQ reaching PKR 4.4 trillion by the end of 2Q2014.

## Our Business

The Bank continued to show impressive growth in deposits, assets, ADC, Bancassurance and Remittance businesses. With a growing retail network of 211 branches across 112 cities, JS Bank is set for growth in core and ancillary revenues through 2014.

Our growth strategy is based on product development, enhancing customer accessibility through our network and ADC services, strengthening our service delivery and enriching our customers' banking experience. The Bank is currently working on several initiatives including Mobile Banking, Cash Management solutions, Prepaid Cards, EMV Debit & Credit Cards and targeted deposit products to further build our customer base. In addition to deposit growth, the change in the deposit helped reduce the Bank's cost of funds. JS Bank continues to be a strong force in the Home Remittance/PRI industry. Our Wealth Management business is well on track for another good year, which will be further strengthened by the launch of BancaTakaful.

Our vision to remain a bank with a Service Quality focus continued unabated. Sustained focus continues on improving the level of service delivery at branch locations across Pakistan. The bank's Service Quality team continued monitoring and controls ensuring that service delivery at branches remains at highest level.

Corporate & Retail Banking business at JS Bank continues to gain momentum. Our customers' growing trust and confidence in us helps us to grow from strength to strength.

With focus towards provision of the optimal financial solutions, our Investment Banking Group (IBG) was able to close a number of transactions during the first half of the year. The transactions included financial close of a Listed Sukuk issue for a leading blue-chip organization in Pakistan amongst several others. Poised towards achieving its targets, IBG is focused increasing its fee-based income.

## Financial Review

During the six months period under review, the balance sheet of JS Bank grew by 10.26% to PKR 124.34 billion, mainly due to an increase in the Bank's deposit base from PKR 80.92 billion to PKR 94.21 billion. On the assets side, the growth in advances and investments were 26.04% and 28.54% respectively.

The Bank has earned profit before tax of PKR 402.19 million (profit after tax of PKR 275.09 million) as compared to a profit before tax of PKR 251.64 million (profit after tax of PKR 164.89 million) in the corresponding period of last year. The increase in profit is mainly due to increase in net interest income by 61%, fee and commission income by 16.1% and decrease in provisions by 32% as compared to corresponding period of last year. Going forward, we plan to further strengthen our branch network to increase our reach and mobilize low cost deposits. On the lending side, we plan to increase our focus on the Corporate, Commercial and SME sectors. We are confident that, with our current strategy, we will show impressive growth, going forward.

**JS Global Capital Limited**

JS Global Capital Limited is the largest broking firm in Pakistan with a continued leadership position in the domestic capital markets. It is in the business of equity, fixed income, currencies and commodities brokerage and investment banking. JS Bank (51%) and Global Investment House (43%) are the sponsor shareholders. Global Investment House, based in Kuwait is one of the leading financial services companies with a growing footprint in the MENA region.

The JS Global was incorporated under the laws of Pakistan having a paid up capital of PKR 500 million, and shareholders’ equity of PKR 2.59 billion as on June 30, 2014. It is listed on the Karachi and Islamabad Stock Exchanges.

The Pakistan Credit Rating Agency (PACRA) has assigned long-term and short-term entity ratings to JS Global of “AA” (Double A) and “A1+” (A One plus), respectively. The ratings denote a very low expectation of credit risk emanating from very strong capacity for timely payment of financial commitments.

Summarized results of the Company are set out below:

	For the six months ended June 30, 2014 Unaudited
Profit before tax (PKR in million)	154.099
Profit after tax (PKR in million)	107.005
Earnings per share -Rupees	2.14

**JS Investments Limited**

JS Investments Limited (JSIL) a public listed company is the oldest and one of the leading private sector Asset Management Companies in Pakistan, with over PKR 13.968 billion (as on June 30, 2014) in assets under management, spread across various mutual funds, pension funds and separately managed accounts. It was incorporated in Pakistan on February 22, 1995 under the Companies Ordinance, 1984. Shares of the Company are quoted on the Karachi Stock Exchange since April 24, 2007.

JSIL has a Management Quality Rating of “AM2 -, with stable outlook” assigned by JCR-VIS and Credit Rating of “A+/A1 (Long/Short - term) assigned by PACRA.

JSIL has obtained the license of an “Investment Adviser” and “Asset Management Company” (AMC) under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules) and the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations). In addition, it is also a licensed Pension Fund Manager under the Voluntary Pension System Rules, 2005, to manage voluntary pension Schemes. JSIL has a paid up capital of Rs. 1,000 million, and shareholders’ equity of PKR 1.25 billion as on June 30, 2014.

Summarized results of the Company are set out below:

For the six months ended June 30, 2014  
Unaudited

Profit before tax (PKR in million)	243.437
Profit after tax (PKR in million)	236.180
Earnings per share Rupee	2.36

### **Entity Ratings**

The Pakistan Credit Rating Agency Limited (PACRA) has maintained the long-term and short-term entity ratings of JS Bank Limited at "A+" (Single A Plus) and "A1" (A One), respectively. These ratings denote a low expectation of credit risk while the capacity for timely payment of financial commitments is considered strong.

### **Acknowledgements**

We take this opportunity to express our gratitude to our customers and business partners for their continued support and trust. We greatly value and appreciate the guidance and co-operation provided by the State Bank of Pakistan, the Securities and Exchange Commission of Pakistan and other regulatory authorities. We are also thankful to our associates, staff and colleagues for their hard work and their commitment for the achievement of Bank's objectives.

Karachi: August 19, 2014

On behalf of the Board

**Khalid Imran**  
President &  
Chief Executive Officer

## REVIEW REPORT ON UNCONSOLIDATED CONDENSED INTERIM FINANCIAL INFORMATION TO THE MEMBERS

### Introduction

We have reviewed the accompanying unconsolidated condensed interim statement of financial position of **JS Bank Limited** (the Bank) as at June 30, 2014 and the related unconsolidated condensed interim profit and loss account, unconsolidated condensed interim statement of comprehensive income, unconsolidated condensed interim cash flow statement, unconsolidated condensed interim statement of changes in equity and notes to the accounts for the half year then ended (here-in-after referred to as the "unconsolidated condensed interim financial information"). Management is responsible for the preparation and presentation of this unconsolidated condensed interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this unconsolidated condensed interim financial information based on our review.

### Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying unconsolidated condensed interim financial information as of and for the half year ended June 30, 2014 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

## Other matters

The figures of the unconsolidated condensed interim profit and loss account and the unconsolidated condensed interim statement of comprehensive income for the quarters ended June 30, 2014 have not been reviewed, as we are required to review only the cumulative figures for the half year ended June 30, 2014.

*M. Yousuf Adil Saleem*

Chartered Accountants

## Engagement Partner:

Nadeem Yousuf Adil

**Date:** August 19, 2014

**Place:** Karachi



## UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2014

		(Unaudited) June 30, 2014	(Audited) December 31, 2013
	Note	(Rupees in '000)	
<b>ASSETS</b>			
Cash and balances with treasury banks		6,947,219	7,773,892
Balances with other banks		549,915	514,982
Lendings to financial institutions	7	11,377,222	21,585,799
Investments - net	8	54,859,357	42,679,316
Advances - net	9	42,554,644	33,762,507
Operating fixed assets	10	3,807,665	3,627,512
Deferred tax assets - net	11	803,406	883,605
Other assets		3,436,844	1,942,359
		<u>124,336,272</u>	<u>112,769,972</u>
<b>LIABILITIES</b>			
Bills payable		2,106,192	1,414,793
Borrowings	12	15,825,377	20,150,846
Deposits and other accounts	13	94,207,585	80,916,125
Sub-ordinated loans		-	-
Liabilities against assets subject to finance lease		-	-
Deferred tax liabilities		-	-
Other liabilities		1,471,000	1,354,315
		<u>113,610,154</u>	<u>103,836,079</u>
<b>NET ASSETS</b>		<u>10,726,118</u>	<u>8,933,893</u>
<b>REPRESENTED BY:</b>			
Share capital		10,724,643	10,724,643
Discount on issue of shares		(2,105,401)	(2,105,401)
Preference shares	14	1,500,000	-
Reserves		356,712	301,699
Accumulated profits		438,152	218,098
		<u>10,914,106</u>	<u>9,139,039</u>
Deficit on revaluation of assets - net of tax	15	(187,988)	(205,146)
		<u>10,726,118</u>	<u>8,933,893</u>
<b>CONTINGENCIES AND COMMITMENTS</b>	16		

The annexed notes from 1 to 25 form an integral part of this unconsolidated condensed interim financial information.

Chairman

President &  
Chief Executive Officer

Director

Director

**UNCONSOLIDATED CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UNAUDITED)**  
FOR THE HALF YEAR ENDED JUNE 30, 2014

	Note	Quarter ended		Half year ended	
		June 30, 2014	June 30, 2013	June 30, 2014	June 30, 2013
----- (Rupees in '000) -----					
Mark-up / return / interest earned		2,479,224	1,691,067	4,624,129	3,309,739
Mark-up / return / interest expensed		1,578,837	1,136,846	2,980,908	2,288,892
Net mark-up / interest income		900,387	554,221	1,643,221	1,020,847
Provision against non-performing loans and advances - net		(119,950)	(124,119)	(131,971)	(218,141)
Reversal / (provision) against diminution in value of investments		3,191	(343)	(11,795)	6,816
Bad debts written off directly		-	-	-	-
		(116,759)	(124,462)	(143,766)	(211,325)
Net mark-up / interest income after provisions		783,628	429,759	1,499,455	809,522
<b>NON MARK-UP / INTEREST INCOME</b>					
Fee, commission and brokerage income		196,712	172,112	376,232	324,127
Dividend income		30,847	28,572	45,807	176,741
Income from dealing in foreign currencies		66,970	77,034	145,433	131,693
Gain on sale / redemption of securities		54,552	211,700	172,658	309,700
Unrealised (loss) / gain on revaluation of investments classified as held-for-trading		(27,093)	8,347	3,343	1,410
Other income		5,047	17,731	9,494	30,035
Total non-mark-up / interest income		327,035	515,496	752,967	973,706
		1,110,663	945,255	2,252,422	1,783,228
<b>NON MARK-UP / INTEREST EXPENSES</b>					
Administrative expenses	17	907,525	820,766	1,842,055	1,525,462
Other provisions / write offs		-	-	-	-
Other charges	18	4,058	3,443	8,207	6,130
Total non-mark-up / interest expenses		911,583	824,209	1,850,262	1,531,592
		199,080	121,046	402,160	251,636
Extra ordinary / unusual items		-	-	-	-
<b>PROFIT BEFORE TAXATION</b>		199,080	121,046	402,160	251,636
Taxation					
- Current	19	(30,565)	(36,849)	(56,134)	(60,854)
- Prior years		-	-	-	-
- Deferred		(31,604)	(3,536)	(70,959)	(25,896)
		(62,169)	(40,385)	(127,093)	(86,750)
<b>PROFIT AFTER TAXATION</b>		136,911	80,661	275,067	164,886
----- (Rupee) -----					
Basic earnings per share	20	0.13	0.08	0.26	0.15
Diluted earnings per share	20	0.11	0.08	0.22	0.15

The annexed notes from 1 to 25 form an integral part of this unconsolidated condensed interim financial information.

Chairman

President &  
Chief Executive Officer

Director

Director

**UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME  
(UNAUDITED)**

FOR THE HALF YEAR ENDED JUNE 30, 2014

	Note	Quarter ended		Half year ended	
		June 30, 2014	June 30, 2013	June 30, 2014	June 30, 2013
		----- (Rupees in '000) -----			
<b>Profit after taxation</b>		<b>136,911</b>	80,661	<b>275,067</b>	164,886
<b>Other comprehensive income</b>					
<b>Items that will be reclassified to profit and loss account in subsequent period</b>		-	-	-	-
<b>Items that will not be reclassified to profit and loss account in subsequent period</b>					
Actuarial losses on defined benefit plan - net of tax	21	-	(57)	-	(114)
<b>Total comprehensive income for the period</b>		<b><u>136,911</u></b>	<u>80,604</u>	<b><u>275,067</u></b>	<u>164,772</u>

Surplus / (deficit) arising on revaluation of assets has been reported in accordance with the requirements of the Companies Ordinance, 1984 and the directives of the State Bank of Pakistan in a separate account below equity.

The annexed notes from 1 to 25 form an integral part of this unconsolidated condensed interim financial information.

Chairman

President &  
Chief Executive Officer

Director

Director

**UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY  
(UNAUDITED)**

FOR THE HALF YEAR ENDED JUNE 30, 2014

	Issued, subscribed and paid-up share capital	Discount on issue of shares	Preference shares	Statutory reserve	Accumulated (losses) / profits	Total
----- (Rupees in '000) -----						
<b>Balance as at January 01, 2013 (Audited)</b>	10,724,643	(2,105,401)	-	231,442	(64,596)	8,786,088
<b>Comprehensive Income for the half year ended June 30, 2013</b>						
Profit after taxation	-	-	-	-	164,886	164,886
Other comprehensive Income	-	-	-	-	(114)	(114)
	-	-	-	-	164,772	164,772
<b>Transfers</b>						
Transfer to statutory reserve	-	-	-	32,977	(32,977)	-
<b>Balance as at June 30, 2013</b>	10,724,643	(2,105,401)	-	264,419	67,199	8,950,860
<b>Comprehensive Income for the half year ended December 31, 2013</b>						
Profit after taxation	-	-	-	-	186,397	186,397
Other comprehensive Income	-	-	-	-	1,782	1,782
	-	-	-	-	188,179	188,179
<b>Transfers</b>						
Transfer to statutory reserve	-	-	-	37,280	(37,280)	-
<b>Balance as at December 31, 2013</b>	10,724,643	(2,105,401)	-	301,699	218,098	9,139,039
<b>Transaction with owners recorded directly in equity</b>						
Issuance of preference shares during the period (note 1.2)	-	-	1,500,000	-	-	1,500,000
<b>Comprehensive Income for the half year ended June 30, 2014</b>						
Profit after taxation	-	-	-	-	275,067	275,067
Other comprehensive Income	-	-	-	-	-	-
	-	-	-	-	275,067	275,067
<b>Transfers</b>						
Transfer to statutory reserve	-	-	-	55,013	(55,013)	-
<b>Balance as at June 30, 2014</b>	10,724,643	(2,105,401)	1,500,000	356,712	438,152	10,914,106

The annexed notes from 1 to 25 form an integral part of this unconsolidated condensed interim financial information.

\_\_\_\_\_  
Chairman

\_\_\_\_\_  
President &  
Chief Executive Officer

\_\_\_\_\_  
Director

\_\_\_\_\_  
Director

**UNCONSOLIDATED CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED)**

FOR THE HALF YEAR ENDED JUNE 30, 2014

	June 30, 2014	June 30, 2013
	(Rupees in '000)	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	402,160	251,636
Less: Dividend income	(45,807)	(176,741)
	<b>356,353</b>	<b>74,895</b>
<b>Adjustments:</b>		
Depreciation	162,172	124,637
Amortisation of intangibles	15,817	10,032
Charge for defined benefit plan	27,726	6,660
Unrealised gain on revaluation of investments classified as held-for-trading	(3,343)	(1,410)
Provision against non-performing loans and advances - net	131,971	218,141
Provision /(reversal) against diminution in the value of investments - net	11,795	(6,816)
Gain on sale of fixed assets	(9,494)	(30,035)
Provision for Workers' Welfare Fund (WWF)	8,207	6,109
	<b>344,851</b>	<b>327,318</b>
	<b>701,204</b>	<b>402,213</b>
<b>(Increase) / decrease in operating assets</b>		
Lendings to financial institutions	10,208,577	(4,175,247)
Held-for-trading securities	16,170,824	(5,433,572)
Advances	(8,924,108)	(3,656,751)
Other assets (excluding advance taxation)	(1,493,346)	(526,858)
	<b>15,961,947</b>	<b>(13,792,428)</b>
<b>Increase / (decrease) in operating liabilities</b>		
Bills payable	691,399	641,555
Borrowings	(4,326,177)	(7,167,964)
Deposits	13,291,460	8,570,764
Other liabilities	77,918	212,986
	<b>9,734,600</b>	<b>2,257,341</b>
	<b>26,397,751</b>	<b>(11,132,874)</b>
Income tax paid	(52,011)	(3,043)
Gratuity paid	(1,289)	(22,968)
Net cash flow from / (used in) operating activities	<b>26,344,451</b>	<b>(11,158,885)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Net investment in available-for-sale securities	(28,332,919)	11,087,617
Dividend received	44,668	176,741
Investment in operating fixed assets	(363,453)	(305,120)
Sale proceeds of property and equipment disposed off	14,805	41,405
Net cash (used in) / flow from investing activities	<b>(28,636,899)</b>	<b>11,000,643</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Issuance of preference shares	1,500,000	-
<b>Decrease in cash and cash equivalents</b>	<b>(792,448)</b>	<b>(158,242)</b>
Cash and cash equivalents at beginning of the period	8,284,731	6,157,353
<b>Cash and cash equivalents at end of the period</b>	<b>7,492,283</b>	<b>5,999,111</b>

The annexed notes from 1 to 25 form an integral part of this unconsolidated condensed interim financial information.

Chairman

President &  
Chief Executive Officer

Director

Director

## **NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)**

FOR THE HALF YEAR ENDED JUNE 30, 2014

### **1. STATUS AND NATURE OF BUSINESS**

- 1.1 JS Bank Limited (the Bank), incorporated in Pakistan, is a scheduled bank, engaged in commercial banking and related services. The Bank's ordinary shares are listed on Karachi Stock Exchange in Pakistan. The Bank is a subsidiary of Jahangir Siddiqui & Co. Ltd. (JSCL). The registered office of the Bank is situated at Shaheen Commercial Complex, Dr. Ziauddin Ahmed Road, Karachi. The Bank operates with 211 (December 31, 2013: 211) branches / sub-branches in Pakistan. The Pakistan Credit Rating Agency Limited (PACRA) has maintained the long-term and short-term entity ratings of JS Bank Limited (JSBL) at "A+" (Single A Plus) and "A1" (A One), respectively.

Jahangir Siddiqui Investment Bank Limited, JSIBL, (formerly Citicorp Investment Bank Limited which was acquired by Jahangir Siddiqui & Co. Ltd., JSCL, on February 01, 1999) and its holding company, JSCL, entered into a Framework Agreement with American Express Bank Limited, New York (AMEX) on November 10, 2005 for acquisition of its American Express Bank Limited (AEBL) Pakistan Operations. Consequently, a new banking company, JS Bank Limited (JSBL) was incorporated on March 15, 2006 and a restricted Banking License was issued by the State Bank of Pakistan (SBP) on May 23, 2006.

A Transfer Agreement was executed on June 24, 2006 between JSIBL and JSBL for the transfer of entire business and undertaking of JSIBL to JSBL and a separate Transfer Agreement was also executed on June 24, 2006 between AMEX and JSBL for the transfer of AEBL's commercial banking business in Pakistan with all assets and liabilities (other than certain excluded assets and liabilities) (AEBL business). The shareholders of JSIBL and JSBL in their respective extra ordinary general meetings held on July 31, 2006 approved a Scheme of Amalgamation (the Scheme) under Section 48 of the Banking Companies Ordinance, 1962. The Scheme was initially approved by the Securities and Exchange Commission of Pakistan vide its letter No. SC/NBFC(J)-R/JSIBL/2006/517 dated September 28, 2006. Subsequently, the Scheme was sanctioned by the SBP vide its order dated December 02, 2006 and, in accordance therewith, the effective date of amalgamation was fixed at December 30, 2006.

#### **1.2 Compliance with Minimum Capital Requirement**

On February 19, 2014, the Bank issued 150 million un-listed, convertible, irredeemable, perpetual, non-cumulative, non-voting preference shares of Rs. 10 each which qualify for Tier I Capital under Basel III requirement. As a result of this transaction, the paid up capital of the Bank has increased by Rs. 1.5 billion and the Bank is in compliance with minimum capital requirement prescribed by the State Bank of Pakistan through its BSD Circular no. 7 dated April 15, 2009.

Further, the Bank is in the process of completing the procedural formalities for listing of these preference shares as approved by the shareholders in annual general meeting.

### **2. STATEMENT OF COMPLIANCE**

This unconsolidated condensed interim financial information of the Bank for the half year ended June 30, 2014 has been prepared in accordance with the requirements of the International Accounting Standard 34 - Interim Financial Reporting (IAS 34), provisions of the Companies Ordinance, 1984, the Banking Companies Ordinance, 1962 and directives issued by the Securities and Exchange

Commission of Pakistan (SECP) and the State Bank of Pakistan (SBP). In case where requirements differ, the provisions of the Companies Ordinance, 1984, the Banking Companies Ordinance, 1962 and the said directives have been followed.

The SBP has deferred the applicability of International Accounting Standard (IAS) 39, 'Financial Instruments: Recognition and Measurement' and International Accounting Standard (IAS) 40, 'Investment Property' for Banking Companies through BSD Circular Letter No. 10 dated August 26, 2002. Further, according to the notification of the SECP dated April 28, 2008, IFRS - 7 'Financial Instruments: Disclosures' has not been made applicable to banks. Accordingly, the requirements of these standards have not been considered in the preparation of this unconsolidated condensed interim financial information. However, investments have been classified and valued in accordance with the requirements of various circulars issued by the SBP.

The disclosures made in this unconsolidated condensed interim financial information has been limited based on the format prescribed by the SBP vide BSD Circular No. 2 dated May 12, 2004 and IAS 34 and do not include all the disclosures required in the annual financial statements. Accordingly, this unconsolidated condensed interim financial information should be read in conjunction with the annual audited financial statements of the Bank for the year ended December 31, 2013.

### **3. BASIS OF MEASUREMENT**

This unconsolidated condensed interim financial information have been prepared under the historical cost convention except for held-for-trading, available-for-sale investments and derivative financial instruments which are stated at fair value and defined benefit liability which is stated at net present value.

### **4. ACCOUNTING ESTIMATES AND JUDGMENTS**

The estimates / judgments and associated assumptions used in the preparation of this unconsolidated condensed interim financial information are consistent with those applied in the preparation of the annual financial statements of the Bank for the year ended December 31, 2013.

### **5. ACCOUNTING POLICIES**

The accounting policies adopted in the preparation of this unconsolidated condensed interim financial information are the same as those applied in the preparation of the annual financial statements for the year ended December 31, 2013.

### **6. FINANCIAL RISK MANAGEMENT**

The financial risk management objectives and policies applied during the period are consistent with those disclosed in the annual financial statements of the Bank for the year ended December 31, 2013.

	Note	(Unaudited)	(Audited)
		June 30, 2014	December 31, 2013
(Rupees in '000)			
<b>7. LENDINGS TO FINANCIAL INSTITUTIONS</b>			
Call money lendings		650,000	1,700,000
Lendings to financial institutions		4,387,764	3,529,419
Repurchase agreement lendings (Reverse Repo)	7.1	6,339,458	16,356,380
		<b>11,377,222</b>	<b>21,585,799</b>

7.1 Repurchase agreement lendings are secured through Pakistan Investment Bonds and Market Treasury Bills having total market value of Rs. 6,351.59 million (December 31, 2013: Rs. 16,454.32 million).

## 8. INVESTMENTS - net

	Note	(Unaudited)			(Audited)		
		June 30, 2014			December 31, 2013		
		Held by bank	Given as collateral	Total	Held by bank	Given as collateral	Total
(Rupees in '000)							

### 8.1 INVESTMENTS BY TYPES:

#### Held-for-trading securities

Market Treasury Bills	2,813,851	367,661	3,181,512	11,047,184	11,061,484	22,108,668
Pakistan Investment Bonds	3,494,729	-	3,494,729	367,638	-	367,638
Ordinary shares of listed companies	-	-	-	253,680	-	253,680
	<b>6,308,580</b>	<b>367,661</b>	<b>6,676,241</b>	<b>11,668,502</b>	<b>11,061,484</b>	<b>22,729,986</b>

#### Available-for-sale securities

Market Treasury Bills	5,362,331	5,546,400	10,908,731	1,212,312	1,492,101	2,704,413
Pakistan Investment Bonds	23,178,689	7,882,872	31,061,561	10,490,171	-	10,490,171
Ijara Sukuk Bonds	401	-	401	401	-	401
Ordinary shares of listed companies	1,273,373	-	1,273,373	1,252,948	-	1,252,948
Ordinary shares of unlisted companies	11,000	-	11,000	11,000	-	11,000
Preference shares of listed companies	136,590	-	136,590	136,589	-	136,589
Open end mutual funds	175,246	-	175,246	196,379	-	196,379
Term Finance Certificates-listed	787,426	-	787,426	864,957	-	864,957
Term Finance Certificates-unlisted	1,024,369	-	1,024,369	1,077,378	-	1,077,378
Foreign Currency Bonds	1,414,462	-	1,414,462	1,726,004	-	1,726,004
	<b>33,363,887</b>	<b>13,429,272</b>	<b>46,793,159</b>	<b>16,968,139</b>	<b>1,492,101</b>	<b>18,460,240</b>

<b>Investments in subsidiaries</b>	8.1.3	1,919,121	-	1,919,121	1,919,121	-	1,919,121
------------------------------------	-------	-----------	---	-----------	-----------	---	-----------

<b>Investments at cost</b>		41,591,588	13,796,933	55,388,521	30,555,762	12,553,585	43,109,347
----------------------------	--	------------	------------	------------	------------	------------	------------

Less: Provision for diminution in value of investments	8.1.4 & 8.1.5	(243,295)	-	(243,295)	(231,500)	-	(231,500)
--	---------------	-----------	---	-----------	-----------	---	-----------

<b>Investments (net of provision)</b>		41,348,293	13,796,933	55,145,226	30,324,262	12,553,585	42,877,847
---------------------------------------	--	------------	------------	------------	------------	------------	------------

Unrealised gain / (loss) on revaluation of investments classified as held-for-trading		3,282	61	3,343	121,473	(4,394)	117,079
---	--	-------	----	-------	---------	---------	---------

Deficit on revaluation of available-for-sale securities	15	(288,116)	(1,096)	(289,212)	(314,227)	(1,383)	(315,610)
---	----	-----------	---------	-----------	-----------	---------	-----------

<b>Total investments at carrying value</b>		<b>41,063,459</b>	<b>13,795,898</b>	<b>54,859,357</b>	<b>30,131,508</b>	<b>12,547,808</b>	<b>42,679,316</b>
--	--	-------------------	-------------------	-------------------	-------------------	-------------------	-------------------



**8.1.1** Included herein are the investments in the following related parties:

- a) JS Value Fund, a related party, amounting to Rs.84.087 million(December 31, 2013: Rs.99.70 million) and having market value of Rs. 146.315 million (December 31, 2013: Rs.123.71 million)
- b) JS Islamic Government Securities Fund, a related party, amounting to Rs.91.159 million (December 31, 2013: Rs.96.68 million) and having market value of Rs. 100.717 million (December 31, 2013: Rs.102.39 million).

**8.1.2** Included herein is the investment of Rs. 65.02 million (December 31, 2013: Rs.65.02 million) in Azgard Nine Limited, a related party, at the rate of 6 months KIBOR ask rate + 1.25% maturing on December 04, 2017.

**8.1.3** Included herein are the investments in the following subsidiaries:

	Number of shares	Percentage holding	Cost	
			(Unaudited)	(Audited)
			June 30, 2014	December 31, 2013
Rupees in '000)				
JS Global Capital Limited (JSGCL)	25,525,169	51.05%	<b>1,357,929</b>	1,357,929
JS Investments Limited (JSIL)	52,236,978	52.24%	<b>561,192</b>	561,192
			<b><u>1,919,121</u></b>	<u>1,919,121</u>

**8.1.4** Included herein is the provision of Rs.57.53 million (December 31, 2013: Rs.68.22 million) against JS Value Fund, a related party.

**8.1.5** The State Bank of Pakistan (SBP) vide its letter number BPRD/BRD-(Policy)/2014-11546 dated June 27, 2014 has allowed the relaxation from PR-8 to the Bank from provision required in respect of the Bank's exposure in Agritech Limited. The provision is held at 65% of the required provision in this unconsolidated financial information whereas the remaining provision will be made in phased manner at 70%, 75%, 80%, 85%, 90% and 100% by end of each quarter respectively till December 31, 2015. Had the relaxation not been granted by the SBP, the provision charge for the period would have been increased by Rs. 52.45 million.

	(Unaudited) June 30, 2014	(Audited) December 31, 2013
Note	(Rupees in '000)	
<b>9. ADVANCES - net</b>		
Loans, cash credits, running finances, etc.		
In Pakistan	<b>40,223,145</b>	32,483,931
Outside Pakistan	-	-
	<b>40,223,145</b>	32,483,931
Net Investment in Finance lease - in Pakistan	<b>1,012,678</b>	582,682
Bills discounted and purchased (excluding market treasury bills)		
Payable in Pakistan	<b>603,711</b>	944,448
Payable outside Pakistan	<b>2,248,265</b>	1,152,631
	<b>2,851,976</b>	2,097,079
Advances - gross	<b>44,087,799</b>	35,163,692
Provision for non-performing advances		
- specific	9.1 (1,528,412)	(1,398,195)
- general (against consumer financing)	(4,743)	(2,990)
	<b>(1,533,155)</b>	(1,401,185)
Advances - net of provision	<b>42,554,644</b>	33,762,507

9.1 Advances include Rs. 2,657.68 million (December 31, 2013: Rs.2,758.38 million) which have been placed under non-performing status as detailed below:

Category of classification	(Unaudited)				
	June 30, 2014				
	Domestic	Overseas	Total	Provision required	Provision held
	(Rupees in '000)				
Other assets					
especially mentioned	-	-	-	-	-
Substandard	400,911	-	400,911	65,229	65,229
Doubtful	15,232	-	15,232	78	78
Loss	2,241,538	-	2,241,538	1,463,105	1,463,105
	<b>2,657,681</b>	-	<b>2,657,681</b>	<b>1,528,412</b>	<b>1,528,412</b>

Category of classification	(Audited)				
	December 31, 2013				
	Domestic	Overseas	Total	Provision required	Provision held
	(Rupees in '000)				
Other assets					
especially mentioned	-	-	-	-	-
Substandard	414,666	-	414,666	50,016	50,016
Doubtful	34,269	-	34,269	3,361	3,361
Loss	2,309,442	-	2,309,442	1,344,818	1,344,818
	<b>2,758,377</b>	-	<b>2,758,377</b>	<b>1,398,195</b>	<b>1,398,195</b>

**9.1.1** The State Bank of Pakistan (SBP) vide its letter number BPRD/BRD-(Policy)/2014-11546 dated June 27, 2014 has allowed the relaxation from PR-8 to the Bank from provision required in respect of the Bank's exposure in Agritech Limited. The provision is held at 65% of the required provision in this unconsolidated financial information whereas the remaining provision will be made in phased manner at 70%, 75%, 80%, 85%, 90% and 100% by end of each quarter respectively till December 31, 2015. Had the relaxation not been granted by the SBP, the provision charge (net of benefit of forced sale value) for the period would have been increased by Rs. 175.66 million.

		<b>(Unaudited)</b>	<b>(Audited)</b>
		<b>June 30,</b>	<b>December 31,</b>
		<b>2014</b>	<b>2013</b>
		<b>(Rupees in '000)</b>	
<b>10.</b>	<b>OPERATING FIXED ASSETS</b>		
	Capital work-in-progress	<b>57,226</b>	278,004
	Property and equipment	<b>2,059,715</b>	1,710,560
	Intangible assets	<b>1,690,724</b>	1,638,948
		<u><b>3,807,665</b></u>	<u>3,627,512</u>
		<b>June 30,</b>	<b>June 30,</b>
		<b>2014</b>	<b>2013</b>
		<b>(Unaudited)</b>	
		<b>(Rupees in '000)</b>	
<b>10.1</b>	<b>Property and equipment</b>		
	Opening WDV	<b>1,710,560</b>	1,508,088
	Addition during the period	<b>516,638</b>	278,520
	Disposal during the period	<b>(5,311)</b>	(11,370)
	Depreciation for the period	<b>(162,172)</b>	(124,636)
		<u><b>2,059,715</b></u>	<u>1,650,602</u>

**10.1.1** The following additions were made to tangible property and equipment during the period:

	<b>June 30,</b>	<b>June 30,</b>
	<b>2014</b>	<b>2013</b>
	<b>(Unaudited)</b>	
	<b>(Rupees in '000)</b>	
Building on Lease hold land	<b>87,609</b>	36,665
Land	<b>215,500</b>	-
Furniture and Fixture	<b>21,238</b>	17,359
Electrical, office and computer equipment	<b>100,393</b>	128,500
Vehicles	<b>91,898</b>	95,996
	<u><b>516,638</b></u>	<u>278,520</u>

		June 30, 2014 (Unaudited)	June 30, 2013 (Unaudited)
		(Rupees in '000)	
<b>10.1.2</b>	The following deletions were made to tangible property and equipment during the period:		
	Leasehold improvements	-	1,894
	Electrical, office and computer equipment	1,913	850
	Vehicle	3,398	8,626
		<u>5,311</u>	<u>11,370</u>
		(Unaudited) June 30, 2014	(Audited) December 31, 2013
		(Rupees in '000)	
<b>10.2</b>	<b>Intangible assets</b>		
	Computer Software	227,100	175,324
	Goodwill	1,463,624	1,463,624
		<u>1,690,724</u>	<u>1,638,948</u>
		June 30, 2014 (Unaudited)	June 30, 2013 (Unaudited)
		(Rupees in '000)	
<b>10.2.1</b>	<b>Computer Software</b>		
	Opening WDV	175,324	122,133
	Addition during the period	67,593	14,991
	Disposal during the period	-	-
	Amortization for the period	(15,817)	(10,032)
		<u>227,100</u>	<u>127,092</u>
		(Unaudited) June 30, 2014	(Audited) December 31, 2013
		(Rupees in '000)	
<b>11.</b>	<b>DEFERRED TAX ASSETS - net</b>		
	<b>Deferred tax debits arising from:</b>		
	Unused tax losses	949,642	995,770
	Provision against investments	85,153	81,025
	Provision against loans	-	96,754
	Minimum tax	211,628	160,075
	Provision for workers' welfare fund	17,760	14,888
	Surplus on revaluation of investment classified assets as available for sale	101,224	110,464
		<u>1,365,407</u>	<u>1,458,976</u>
	<b>Deferred tax credits arising due to:</b>		
	Fixed assets	(170,367)	(172,216)
	Goodwill	(384,201)	(358,588)
	Unrealized gain on revaluation of investment classified as held for trading	(1,170)	(40,978)
	Unrealized gain on revaluation of derivative financial instruments	(6,263)	(3,589)
		<u>(562,001)</u>	<u>(575,371)</u>
		<u>803,406</u>	<u>883,605</u>

12. BORROWINGS	(Unaudited)	(Audited)
	June 30, 2014	December 31, 2013
	(Rupees in '000)	
<b>Secured</b>		
Borrowings from SBP under export refinancing scheme	1,761,100	1,976,100
Repurchase agreement borrowings	13,759,426	17,180,603
	<b>15,520,526</b>	19,156,703
<b>Unsecured</b>		
Call borrowings	300,000	990,000
Overdrawn nostro accounts	4,851	4,143
	<b>304,851</b>	994,143
	<b>15,825,377</b>	20,150,846
<b>13. DEPOSITS AND OTHER ACCOUNTS</b>		
<b>Customers</b>		
Fixed deposits	26,339,036	25,729,940
Savings deposits	24,670,280	24,082,503
Current accounts - non-remunerative	37,294,262	22,146,983
Margin accounts	927,245	484,583
	<b>89,230,823</b>	72,444,009
<b>Financial institutions</b>		
Remunerative deposits	1,406,104	8,375,651
Non-remunerative deposits	3,570,658	96,465
	<b>4,976,762</b>	8,472,116
	<b>94,207,585</b>	80,916,125
<b>13.1 Particulars of deposits</b>		
In local currency	88,344,151	74,764,676
In foreign currencies	5,863,434	6,151,449
	<b>94,207,585</b>	80,916,125
<b>14. PREFERENCE SHARES</b>		

On February 19, 2014, the Bank has issued 150 million preference shares of Rs 10 each. As a result of this transaction, the paid-up capital of the Bank has increased by Rs 1.5 billion. The major terms and conditions of the preference shares are as follows:

Instrument:	Un-listed, convertible, irredeemable, perpetual, non-cumulative, non-voting preference shares.
Issue Price:	Issued at par value of Rs 10 per shares; Tenure: Four years from the date of issuance of preference shares;
Conversion ratio:	For every one preference share, 1.5 ordinary shares will be issued i.e. 1:1.5
Dividend:	Non-cumulative at the rate of 12% per annum fixed. No compensation would be available to the preference shareholders other than the agreed return i.e. 12% p.a. which will be paid in the form of cash dividend. The distribution of dividend is not obligatory and will be allowed only if the Bank has earned sufficient profit in the current year to pay dividend and is in compliance with all the regulatory capital (MCR and CAR) and provisioning requirements.

Further, the Bank is in the process of completing the procedural formalities for listing of these preference shares as approved by the shareholders in annual general meeting.

15. SURPLUS / (DEFICIT) ON REVALUATION OF ASSETS - net of tax	(Unaudited)	(Audited)
	June 30, 2014	December 31, 2013
	(Rupees in '000)	
<b>(Deficit) / surplus on revaluation of available-for-sale securities - net of tax</b>		
Government Securities	<b>(446,946)</b>	(447,038)
Ordinary shares - listed	<b>51,547</b>	142,435
Preference shares - listed	<b>22,610</b>	21,003
Open end mutual funds	<b>129,319</b>	97,929
Term Finance Certificates - listed	<b>(59,815)</b>	(54,040)
Foreign currency bonds	<b>14,073</b>	(75,899)
	<b>(289,212)</b>	(315,610)
Related deferred tax asset	<b>101,224</b>	110,464
	<b>(187,988)</b>	(205,146)

Note

## 16. CONTINGENCIES AND COMMITMENTS

### 16.1 Transaction-related contingent liabilities

Includes performance bonds, bid bonds, warranties, advance payment guarantees, shipping guarantees and standby letters of credit related to particular transactions.

i) Government	<b>3,079,503</b>	2,520,803
ii) Banking companies and other financial institutions	<b>247,812</b>	210,521
iii) Others	16.1.1 <b>1,179,114</b>	333,832
	<b>4,506,429</b>	3,065,156

16.1.1 Included herein the outstanding guarantees of Rs. 19.854 million (December 31, 2013: Rs. 5.612 million) of related parties.

### 16.2 Trade-related contingent liabilities

Documentary credits	<b>6,903,631</b>	4,882,691
---------------------	------------------	-----------

### 16.3 Other contingencies

Claims not acknowledged as debts	<b>66,754</b>	66,896
----------------------------------	---------------	--------

### 16.4 Commitments in respect of forward exchange contracts

Purchase	<b>4,786,080</b>	6,988,325
Sale	<b>5,616,008</b>	6,485,184

### 16.5 Commitments in respect of forward Government securities

Purchase	<b>3,980,000</b>	-
Sale	<b>1,875,000</b>	-

	(Unaudited) June 30, 2014	(Audited) December 31, 2013
	(Rupees in '000)	
<b>16.6 Commitments in respect of forward lending</b>		
Forward commitment to extend credit	<u>2,833,519</u>	<u>675,700</u>
<b>16.7 Other commitments</b>		
Commitment in respect of capital expenditure	<u>39,104</u>	<u>75,320</u>
<b>16.8 Derivative Instruments</b>		
Cross currency swaps (notional principal)	<u>1,084,500</u>	<u>1,084,500</u>
<b>16.9</b> There is no change in contingent liabilities since the date of annual unconsolidated audited financial statements for the year ended December 31, 2013 except as disclosed above.		

## 17. ADMINISTRATIVE EXPENSES

This includes salaries, wages and allowances amounting to Rs.835.172 million (June 30, 2013: Rs. 663.583 million), rent, taxes, insurance and electricity charges amounting to Rs. 313.756 million (June 30, 2013: Rs. 260.381 million), repair and maintenance Rs. 240.197 million (June 30, 2013: Rs. 204.877 million) and depreciation and amortisation amounting to Rs. 177.989 million (June 30, 2013: Rs. 134.669 million).

		(Unaudited)			
		Quarter ended		Half year ended	
		June 30, 2014	June 30, 2013	June 30, 2014	June 30, 2013
		(Rupees in '000)			
<b>18. OTHER CHARGES</b>	<b>Note</b>				
Penalties imposed by State Bank of Pakistan		-	-	-	21
Provision for Workers' Welfare Fund (WWF)	18.1	<u>4,058</u>	3,443	<u>8,207</u>	6,109
		<u>4,058</u>	<u>3,443</u>	<u>8,207</u>	<u>6,130</u>

**18.1** Provision held @ 2% of the higher of profit before tax or taxable income under Workers Welfare Ordinance, 1971.

## 19. TAXATION

In view of the tax losses of the Bank, tax provision has been made subject to minimum taxation @ 1% under section 113 of Income Tax Ordinance, 2001 in this unconsolidated condensed interim financial information.

## 20. BASIC AND DILUTED EARNINGS PER SHARE - UNAUDITED

		Quarter ended		Half year ended	
		June 30,			
		2014	2013	2014	2013
Profit after taxation for the period - attributable to ordinary equity holders of the Bank for basic and diluted	(Rs. in '000)	<u>136,911</u>	<u>80,661</u>	<u>275,067</u>	<u>164,886</u>
Weighted average number of basic outstanding ordinary shares during the period to	(Numbers in '000)	<u>1,072,464</u>	<u>1,072,464</u>	<u>1,072,464</u>	<u>1,072,464</u>
Weighted average number of diluted outstanding ordinary shares during the period to	(Numbers in '000)	<u>1,297,464</u>	<u>1,072,464</u>	<u>1,236,553</u>	<u>1,072,464</u>
Basic earnings per share	Rupee	<u>0.13</u>	<u>0.08</u>	<u>0.26</u>	<u>0.15</u>
Diluted earnings per share	Rupee	<u>0.11</u>	<u>0.08</u>	<u>0.22</u>	<u>0.15</u>

## 21. ACTUARIAL GAINS / (LOSSES) ON DEFINED BENEFIT PLAN - NET OF TAX

For recognition of actuarial gains and losses immediately in this unconsolidated condensed interim financial information, based on assumptions and judgments used in recent actuarial valuation carried out at the end of December 31, 2013 the Bank has not engaged actuary at the half year end as the impact of remeasurement of the defined benefit (liability) / asset is not material.

## 22. RELATED PARTY TRANSACTIONS

The Bank has related party relationship with its associates, parent, subsidiaries, companies having common directors, companies in which parent holds more than 20% shares, employee benefit plans, and its key management personnel (including their associates).

Contributions to the accounts in respect of staff retirement benefits are made in accordance with terms of the contribution plans. Remuneration of the key management personnel are in accordance with the terms of their employment. Other transactions are carried out as per agreed terms.



The details of transactions with related parties, other than those which have been specifically disclosed elsewhere in the financial information is as follows:

	Subsidiaries companies		Key management personnel		Other related parties		Total			
	(Unaudited) June 30, 2014	(Audited) December 31, 2013	(Unaudited) June 30, 2014	(Audited) December 31, 2013	(Unaudited) June 30, 2014	(Audited) December 31, 2013	(Unaudited) June 30, 2014	(Audited) December 31, 2013		
<b>Advances and Lendings to Financial Institution</b>										
Opening balance	-	156,193	169,529	93,552	1,533,221	1,378,039	1,702,750	1,627,784		
Disbursements	433	764,469	189,034	107,070	1,594,042	3,388,554	1,783,509	4,260,093		
Repayments	(433)	(920,662)	(55,540)	(31,093)	(1,542,551)	(3,233,372)	(1,598,524)	(4,185,127)		
Balance as at	-	-	303,023	169,529	1,584,712	1,533,221	1,887,735	1,702,750		
Disbursements during the half year ended June 30, 2013 - (un-audited)		419,796		25,282		1,608,039		2,053,117		
Repayments during the half year ended June 30, 2013 - (un-audited)		(334,182)		(16,023)		(1,785,169)		(2,135,374)		
Mark-up / return / interest earned for the half year ended - June 30 - (un-audited)		-	4,764	2,068	59,321	62,234	64,085	75,553		
<b>Deposits</b>										
	Parent		Subsidiaries companies		Key management personnel		Other related parties		Total	
	(Unaudited) June 30, 2014	(Audited) December 31, 2013	(Unaudited) June 30, 2014	(Audited) December 31, 2013	(Unaudited) June 30, 2014	(Audited) December 31, 2013	(Unaudited) June 30, 2014	(Audited) December 31, 2013	(Unaudited) June 30, 2014	(Audited) December 31, 2013
Opening balance	1,557,270	2,002,829	860,851	621,493	23,012	16,731	5,955,347	4,387,067	8,396,480	7,028,120
Deposits during the period	2,421,186	8,779,869	63,728,840	266,493,066	290,398	492,958	34,946,561	59,790,860	101,386,985	335,556,753
Withdrawals during the period	(3,912,938)	(9,225,428)	(64,369,987)	(266,253,708)	(284,481)	(486,677)	(38,735,510)	(58,222,580)	(107,302,916)	(334,188,393)
Balance as at	65,518	1,557,270	219,704	860,851	28,929	23,012	2,166,398	5,955,347	2,480,549	8,396,480
Deposits during the half year ended June 30, 2013 - (un-audited)		5,011,128		111,592,549		138,880		22,720,873		139,463,430
Withdrawals during the half year ended June 30, 2013 - (un-audited)		(5,014,839)		(112,001,231)		(138,489)		(23,857,735)		(141,012,294)
Mark-up / return / interest expensed for the half year ended June 30 (un-audited)		64,691	23,917	16,773	150	581	169,715	163,609	229,804	245,223

Material transactions with related parties are given below:

	Subsidiaries companies		Companies having common directorship		Companies in which parent company holds 20% or more		Other related parties		Total	
	June 30, 2014	June 30, 2013	June 30, 2014	June 30, 2013	June 30, 2014	June 30, 2013	June 30, 2014	June 30, 2013	June 30, 2014	June 30, 2013
<b>Nature of transactions</b>										
Sale of government securities	136,221	8,862,222	140,447	46,196,533	71,066,837	-	1,798,745	305,953	73,142,250	55,364,708
Purchase of government securities	176,121	8,264,937	-	16,345,268	15,784,007	-	155,588	4,491	16,115,716	24,614,696
Issuance of Preference Shares	-	-	-	-	-	-	12,243	44,946	33,191	44,946
Sale of Shares / Units	-	-	-	-	-	-	-	100,000	-	100,000
Purchase of Shares / Units	-	-	-	-	-	-	-	-	-	1,616
Reverse repo / Call money lendings	1,163	4,624,399	-	-	-	7,500,000	-	-	1,163	7,500,000
Rent received / receivable	-	1,616	-	-	-	-	-	-	-	-
Call borrowing / Repo	-	-	-	-	-	-	-	-	-	-
Purchase of forward foreign exchange contracts	-	-	-	-	-	-	-	-	-	-
Sale of forward foreign exchange contracts	-	-	-	-	-	4,818,017	-	-	-	4,818,017
Letter of guarantees	30,000	-	584	-	-	6,434,814	-	-	-	6,434,814
							19,200	5,613	49,784	5,613
Payment to staff benefit plan	-	-	-	-	-	-	1,290	22,968	1,290	22,968
Payment to staff contribution plan	-	-	-	-	-	-	30,482	24,491	30,482	24,491
Remuneration to key management personnel	-	-	-	-	-	-	78,057	59,818	78,057	59,818
Director fees and allowances	-	-	-	-	-	-	542	737	542	737
Insurance claim received	-	-	6,378	3,526	-	-	-	-	6,378	3,526
Insurance premium paid	-	-	34,645	42,374	17,794	-	-	-	52,439	42,374
Markup income	-	3,316	-	-	-	-	-	-	-	3,316
Markup expense	-	-	-	-	-	2,562	-	-	-	2,562
Rent expense paid / accrued	645	645	-	-	-	-	-	-	645	645
Reimbursement of expenses	198	498	-	-	-	-	-	-	198	498
Expenses incurred on behalf of Services rendered	1,117	1,358	-	-	-	-	-	-	1,117	1,358
Services rendered	-	762	-	-	-	-	-	8	825	770
Commission paid / accrued	1,865	6,600	-	-	-	-	-	-	1,865	6,600
Commission income	60	-	9	49,824	50,340	-	-	-	50,409	51,700
Dividend income	-	-	-	-	-	-	-	1,276	-	151,552
Consistency fee	-	128,813	-	-	-	-	9,000	9,000	9,000	9,000

	Parent company	Un-audited
	June 30, 2014	June 30, 2013
		(Rupees in '000)

**Nature of transactions**

Issuance of Preference Shares	1,453,749	-
Sale of Government Securities	465,069	1,603,950
Rent expense paid / accrued	1,698	485
Reimbursement of expenses	1,698	1,024
The Underwriting Commission	3,056	-

## 23. SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES

The segment analysis with respect to business activity is as follows:

	2014						Total
	Corporate finance	Trading and sales	Retail banking	Commercial banking	Payment and settlement	Others	
----- (Rupees in '000) -----							
<b>June 30, 2014 (Unaudited)</b>							
Total income -external	24,407	2,996,824	1,166,074	1,106,766	73,532	9,493	5,377,096
Inter-segment revenues-net	-	(1,903,986)	2,016,099	(112,113)	-	-	-
Total income	24,407	1,092,838	3,182,173	994,653	73,532	9,493	5,377,096
Total expenses	(2,437)	(683,153)	(3,055,090)	(1,036,187)	(28,120)	(169,949)	(4,974,936)
Current taxation	-	-	-	-	-	(56,134)	(56,134)
Deferred taxation	-	-	-	-	-	(70,959)	(70,959)
Net income / (loss)	21,970	409,685	127,083	(41,534)	45,412	(287,549)	275,067

### June 30, 2014 (Unaudited)

Segment assets (gross)	-	65,877,379	21,754,270	23,016,191	-	15,464,882	126,112,722
Segment non performing loans and Impaired Investments	-	387,322	98,756	2,558,925	-	-	3,045,003
Segment provision required	-	(243,295)	(43,355)	(1,489,800)	-	-	(1,776,450)
Segment liabilities	-	14,062,433	79,198,167	16,770,518	2,106,192	1,472,844	113,610,154

	2013						Total
	Corporate finance	Trading and sales	Retail banking	Commercial banking	Payment and settlement	Others	
----- (Rupees in '000) -----							

### June 30, 2013 (Unaudited)

Total income -external	37,691	2,777,909	399,545	932,364	91,769	44,167	4,283,445
Inter-segment revenues-net	-	(1,650,187)	1,837,558	(187,371)	-	-	-
Total income	37,691	1,127,722	2,237,103	744,993	91,769	44,167	4,283,445
Total expenses	(1,294)	(543,419)	(2,283,003)	(926,620)	(24,768)	(252,705)	(4,031,809)
Current taxation	-	-	-	-	-	(60,854)	(60,854)
Deferred taxation	-	-	-	-	-	(25,896)	(25,896)
Net income / (loss)	36,397	584,303	(45,900)	(181,627)	67,001	(295,288)	164,886

### December 31, 2013 (audited)

Segment assets (gross)	-	64,483,866	13,572,509	21,557,671	-	14,788,611	114,402,657
Segment non performing loans and Impaired Investments	-	402,935	102,892	2,655,486	-	-	3,161,313
Segment provision required	-	(231,500)	(44,861)	(1,356,324)	-	-	(1,632,685)
Segment liabilities	-	18,174,746	62,154,592	20,737,631	1,414,793	1,354,317	103,836,079

## 24. GENERAL

24.1 Comparative figures have been re-arranged and re-classified to reflect more appropriate presentation of events and transactions for the purpose of comparison, which as follows:

Description	June 30, 2014		Reclassified	
	Quarter ended	Half year ended	From	To
Provision for Workers' Welfare Fund (WWF)	Rupees in (000)		Administrative expenses	Other charges
	3,443	6,109		

24.2 The figures in this unconsolidated condensed interim financial information have been rounded off to the nearest thousand.

## 25. DATE OF AUTHORISATION FOR ISSUE

This unconsolidated condensed interim financial information was authorised for issue by the Board of Directors on August 19, 2014.

\_\_\_\_\_  
Chairman

\_\_\_\_\_  
President &  
Chief Executive Officer

\_\_\_\_\_  
Director

\_\_\_\_\_  
Director

Consolidated Condensed Interim Financial Information  
for the Half Year Ended June 30, 2014  
(Un-audited)

## REVIEW REPORT ON CONSOLIDATED CONDENSED INTERIM FINANCIAL INFORMATION TO THE MEMBERS

### Introduction

We have reviewed the accompanying consolidated condensed interim statement of financial position of **JS Bank Limited** (the Bank) as at June 30, 2014 and the related consolidated condensed interim profit and loss account, consolidated condensed interim statement of comprehensive income, consolidated condensed interim cash flow statement, consolidated condensed interim statement of changes in equity and notes to the accounts for the half year then ended (here-in-after referred to as the "consolidated condensed interim financial information"). The condensed interim financial information of the subsidiaries JS Global Capital Limited and JS Investments Limited for the half year ended June 30, 2014 were reviewed by us in accordance with International Standard on Review Engagements 2410. Management is responsible for the preparation and presentation of this consolidated condensed interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this consolidated condensed interim financial information based on our review.

### Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated condensed interim financial information as of and for the half year ended June 30, 2014 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

### Other matters

The figures of the consolidated condensed interim profit and loss account and the consolidated condensed interim statement of comprehensive income for the quarter ended June 30, 2014 have not been reviewed, as we are required to review only the cumulative figures for the half year ended June 30, 2014.

*M. Yousuf Adil Saleem*

**Chartered Accountants**

**Engagement Partner:**  
Nadeem Yousuf Adil

**Date:** August 19, 2014  
**Place:** Karachi

Member of  
**Deloitte Touche Tohmatsu Limited**

## CONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2014

		(Unaudited) June 30, 2014	(Audited) December 31, 2013
	Note	(Rupees in '000)	
<b>ASSETS</b>			
Cash and balances with treasury banks		6,952,811	7,775,070
Balances with other banks		594,922	542,126
Lendings to financial institutions	7	11,377,222	21,585,799
Investments - net	8	56,935,831	43,855,194
Advances - net	9	42,560,543	33,769,008
Operating fixed assets	10	3,942,000	3,750,784
Deferred tax assets - net	11	956,009	1,052,958
Other assets		3,815,500	2,417,820
		<b>127,134,838</b>	114,748,759
<b>LIABILITIES</b>			
Bills payable		2,106,192	1,414,793
Borrowings	12	15,825,377	20,150,846
Deposits and other accounts	13	93,987,882	80,055,276
Sub-ordinated loans		-	-
Liabilities against assets subject to finance lease		-	-
Deferred tax liabilities		-	-
Other liabilities		1,731,628	1,820,276
		<b>113,651,079</b>	103,441,191
<b>NET ASSETS</b>		<b>13,483,759</b>	11,307,568
<b>REPRESENTED BY:</b>			
Share capital		10,724,643	10,724,643
Discount on issue of shares		(2,105,401)	(2,105,401)
Preference shares	14	1,500,000	-
Reserves		356,711	301,698
Accumulated profits		582,705	239,766
Non-controlling interest		1,979,817	1,866,171
		<b>13,038,475</b>	11,026,877
Surplus on revaluation of assets - net of tax	15	445,284	280,691
		<b>13,483,759</b>	11,307,568
<b>CONTINGENCIES AND COMMITMENTS</b>	16		

The annexed notes from 1 to 25 form an integral part of this consolidated condensed interim financial information.

Chairman

President &  
Chief Executive Officer

Director

Director

**CONSOLIDATED CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UNAUDITED)**  
FOR THE HALF YEAR ENDED JUNE 30, 2014

	Note	Quarter ended		Half year ended	
		June 30, 2014	June 30, 2013	June 30, 2014	June 30, 2013
----- (Rupees in '000) -----					
Mark-up / return / interest earned		2,511,281	1,723,377	4,662,441	3,381,113
Mark-up / return / interest expense		1,571,229	1,141,112	2,957,386	2,298,782
Net mark-up / interest income		940,052	582,265	1,705,055	1,082,331
Provision against non-performing loans and advances		(119,950)	(124,119)	(131,971)	(218,141)
(Provision) / reversal against diminution in value of investments		145,023	(343)	132,800	6,816
Bad debts written off directly		-	-	-	-
		25,073	(124,462)	829	(211,325)
Net mark-up / interest income after provisions		965,125	457,803	1,705,884	871,006
<b>NON MARK-UP / INTEREST INCOME</b>					
Fee, commission and brokerage income		344,645	308,626	653,556	572,077
Dividend income		13,795	91,934	36,155	171,162
Income from dealing in foreign currencies		67,027	77,025	145,083	131,722
Gain on sale / redemption of securities		148,607	241,953	314,217	351,168
Unrealised gain on revaluation of investments classified as held-for-trading		(57,004)	22,117	4,231	24,873
Other income		10,661	31,068	32,437	52,497
Total non-mark-up / interest income		527,731	772,723	1,185,679	1,303,499
		1,492,856	1,230,526	2,891,563	2,174,505
<b>NON MARK-UP / INTEREST EXPENSES</b>					
Administrative expenses	17	1,037,285	948,026	2,092,530	1,772,128
Other provisions / write offs / (reversals)		-	-	-	-
Other charges	18	9,434	11,067	16,256	14,995
Total non-mark-up / interest expenses		1,046,719	959,093	2,108,786	1,787,123
		446,137	271,433	782,777	387,382
Extra ordinary / unusual items		-	-	-	-
<b>PROFIT BEFORE TAXATION</b>		446,137	271,433	782,777	387,382
Taxation					
- Current	19	(59,773)	(75,318)	(99,626)	(118,782)
- Prior years		-	-	-	-
- Deferred		(47,377)	(3,155)	(87,709)	(21,956)
		(107,150)	(78,473)	(187,335)	(140,738)
<b>PROFIT AFTER TAXATION</b>		338,987	192,960	595,442	246,644
<b>Attributable to :</b>					
Equity holders of the Bank		172,512	138,488	428,967	144,634
Non-controlling interest		166,475	54,472	166,475	102,010
		338,987	192,960	595,442	246,644
----- (Rupees in '000) -----					
<b>Basic earnings per share</b>	20	0.16	0.13	0.40	0.13
<b>Diluted earnings per share</b>	20	0.13	0.13	0.35	0.13

The annexed notes from 1 to 25 form an integral part of this consolidated condensed interim financial information.

Chairman

President &  
Chief Executive Officer

Director

Director



**CONSOLIDATED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME  
(UNAUDITED)**

FOR THE HALF YEAR ENDED JUNE 30, 2014

	Note	Quarter ended		Half year ended	
		June 30, 2014	June 30, 2013	June 30, 2014	June 30, 2013
		----- (Rupees in '000) -----			
<b>Profit after taxation</b>		<b>338,987</b>	192,960	<b>595,442</b>	246,644
<b>Other comprehensive income</b>					
<b>Items that will be reclassified to profit and loss account in subsequent period</b>		-	-	-	-
<b>Items that will not be reclassified to profit and loss account in subsequent period</b>					
Actuarial gains / (losses) on defined benefit plan - net of tax	21	-	(57)	-	(114)
		<b>338,987</b>	192,903	<b>595,442</b>	246,530
<b>Attributable to :</b>					
Equity holders of the Bank		<b>172,512</b>	138,431	<b>428,967</b>	144,520
Non-controlling interest		<b>166,475</b>	54,472	<b>166,475</b>	102,010
		<b>338,987</b>	192,903	<b>595,442</b>	246,530

Surplus / (deficit) arising on revaluation of assets has been reported in accordance with the requirements of the Companies Ordinance, 1984 and the directives of the State Bank of Pakistan in a separate account below equity.

The annexed notes from 1 to 25 form an integral part of this consolidated condensed interim financial information.

Chairman

President &  
Chief Executive Officer

Director

Director

# CONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

FOR THE HALF YEAR ENDED JUNE 30, 2014

	Issued, subscribed and paid-up share capital	Discount on issue of shares	Preference shares	Statutory reserve	Accumulated profits / (losses)	Sub total	Non- controlling Interest	Total
	(Rupees in '000)							
<b>Balance as at January 01, 2013 (Audited) as previously reported</b>	10,724,643	(2,105,401)	-	231,441	(50,375)	8,800,308	1,863,194	10,663,502
<b>Comprehensive Income for the half year ended June 30, 2013</b>								
Profit after taxation	-	-	-	-	144,634	144,634	102,010	246,644
Other comprehensive Income - net of tax	-	-	-	-	(114)	(114)	-	(114)
	-	-	-	-	144,520	144,520	102,010	246,530
<b>Transaction with owners recorded directly in equity</b>								
Dividend for the period ended December 31, 2012 @ Rs.4 per ordinary share paid to non -controlling interest	-	-	-	-	-	-	(121,187)	(121,187)
<b>Transfers</b>								
Transfer to statutory reserve	-	-	-	32,977	(32,977)	-	-	-
Balance as at June 30, 2013	10,724,643	(2,105,401)	-	264,418	61,168	8,944,828	1,844,017	10,788,845
<b>Comprehensive Income for the half year ended December 31, 2013</b>								
Profit after taxation	-	-	-	-	329,862	329,862	261,258	591,120
Other comprehensive Income - net of tax	-	-	-	-	1,782	1,782	-	1,782
	-	-	-	-	331,644	331,644	261,258	592,902
<b>Transaction with owners recorded directly in equity</b>								
Pre-acquisition surplus (net) on available-for-sale investment realised during the half year ended December 31, 2013	-	-	-	-	(115,766)	(115,766)	(105,679)	(221,445)
Dividend for the half year ended December 31, 2013 @ Rs.4.5 per ordinary share paid to non -controlling interest	-	-	-	-	-	-	(133,425)	(133,425)
<b>Transfers</b>								
Transfer to statutory reserve	-	-	-	37,280	(37,280)	-	-	-
Balance as at December 31, 2013	10,724,643	(2,105,401)	-	301,698	239,766	9,160,706	1,866,171	11,026,877
<b>Comprehensive Income for the half year ended June 30, 2014</b>								
Profit after taxation	-	-	-	-	428,967	428,967	166,475	595,442
Other comprehensive Income - net of tax	-	-	-	-	-	-	-	-
	-	-	-	-	428,967	428,967	166,475	595,442
<b>Transaction with owners recorded directly in equity</b>								
Issuance of preference shares during the period (note 1.2)	-	-	1,500,000	-	-	1,500,000	-	1,500,000
Pre-acquisition surplus (net) on available-for-sale investment realised during the half year ended June 30, 2014	-	-	-	-	(31,015)	(31,015)	(28,354)	(59,369)
Dividend for the half year ended June 30, 2014 @ Re.1 per ordinary share paid to non -controlling interest	-	-	-	-	-	-	(24,475)	(24,475)
<b>Transfers</b>								
Transfer to statutory reserve	-	-	-	55,013	(55,013)	-	-	-
<b>Balance as at June 30, 2014</b>	<b>10,724,643</b>	<b>(2,105,401)</b>	<b>1,500,000</b>	<b>356,711</b>	<b>582,705</b>	<b>11,058,658</b>	<b>1,979,817</b>	<b>13,038,475</b>

The annexed notes from 1 to 25 form an integral part of this consolidated condensed interim financial information.

**Chairman**

**President &  
Chief Executive Officer**

**Director**

**Director**

**CONSOLIDATED CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED)**

FOR THE HALF YEAR ENDED JUNE 30, 2014

	<b>June 30, 2014</b>	<b>June 30, 2013</b>
	<b>(Rupees in '000)</b>	
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before taxation	782,777	387,382
Less: Dividend income	<u>(36,155)</u>	<u>(171,162)</u>
	<b>746,622</b>	<b>216,220</b>
<b>Adjustments:</b>		
Depreciation	170,804	133,723
Amortisation of intangibles	16,614	10,259
Charge for defined benefit plan	27,726	6,660
Unrealised gain on revaluation of investments classified as held-for-trading	(4,231)	(24,873)
Provision against non-performing advances - net	131,971	218,141
Reversal for diminution in value of investments - net	(132,800)	(6,816)
Gain on sale of fixed assets	(18,540)	(32,180)
Provision for Workers' Welfare Fund (WWF)	16,256	14,746
	<u>207,800</u>	<u>319,660</u>
	<b>954,422</b>	<b>535,880</b>
<b>(Increase) / decrease in operating assets</b>		
Lendings to financial institutions	10,208,577	(3,983,441)
Held-for-trading securities	15,611,175	(5,329,552)
Advances	(8,923,506)	(3,812,239)
Other assets (excluding advance taxation)	<u>(1,386,359)</u>	<u>(1,674,011)</u>
	<b>15,509,887</b>	<b>(14,799,243)</b>
<b>(Decrease) / increase in operating liabilities</b>		
Bills payable	691,399	641,555
Borrowings	(4,326,177)	(6,922,523)
Deposits	13,932,606	8,966,959
Other liabilities	<u>(131,341)</u>	<u>620,524</u>
	<b>10,166,487</b>	<b>3,306,515</b>
	<u>26,630,796</u>	<u>(10,956,848)</u>
Income tax paid	(109,808)	(48,230)
Gratuity paid	<u>(1,289)</u>	<u>(22,968)</u>
Net cash flows from / (used in) operating activities	<b>26,519,699</b>	<b>(11,028,046)</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Net investment in available-for-sale securities	(28,440,317)	11,080,558
Dividend received	35,016	171,162
Investment in operating fixed assets	(385,411)	(301,712)
Sale proceeds of property and equipment disposed off	25,317	45,832
Net cash (used in) / flows from investing activities	<u>(28,765,395)</u>	<u>10,995,840</u>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Issuance of preference shares	1,500,000	-
Dividend paid to non-controlling interest	<u>(24,475)</u>	<u>(121,189)</u>
<b>Decrease in cash and cash equivalents</b>	<b>(770,171)</b>	<b>(153,395)</b>
Cash and cash equivalents at beginning of the period	<u>8,313,053</u>	<u>6,173,097</u>
<b>Cash and cash equivalents at end of the period</b>	<b>7,542,882</b>	<b>6,019,702</b>

The annexed notes from 1 to 25 form an integral part of this consolidated condensed interim financial information.

Chairman

President &  
Chief Executive Officer

Director

Director

# NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)

FOR THE HALF YEAR ENDED JUNE 30, 2014

## 1. STATUS AND NATURE OF BUSINESS

### 1.1 The Group consists of:

#### 1.1.1 Holding Company

JS Bank Limited (the Bank), incorporated in Pakistan, is a scheduled bank, engaged in commercial banking and related services. The Bank's ordinary shares are listed on Karachi Stock Exchange in Pakistan. The Bank is a subsidiary of Jahangir Siddiqui & Co. Ltd. (JSCL). The registered office of the Bank is situated at Shaheen Commercial Complex, Dr. Ziauddin Ahmed Road, Karachi. The Bank operates with 211 (December 31, 2013: 211) branches / sub-branches in Pakistan. The Pakistan Credit Rating Agency Limited (PACRA) has maintained the long-term and short-term entity ratings of JS Bank Limited (JSBL) at "A+" (Single A Plus) and "A1" (A One), respectively.

Jahangir Siddiqui Investment Bank Limited, JSIBL, (formerly Citicorp Investment Bank Limited which was acquired by Jahangir Siddiqui & Co. Ltd., JSCL, on February 01, 1999) and its holding company, JSCL, entered into a Framework Agreement with American Express Bank Limited, New York (AMEX) on November 10, 2005 for acquisition of its American Express Bank Limited (AEBL) Pakistan Operations. Consequently, a new banking company, JS Bank Limited (JSBL) was incorporated on March 15, 2006 and a restricted Banking License was issued by the State Bank of Pakistan (SBP) on May 23, 2006.

A Transfer Agreement was executed on June 24, 2006 between JSIBL and JSBL for the transfer of entire business and undertaking of JSIBL to JSBL and a separate Transfer Agreement was also executed on June 24, 2006 between AMEX and JSBL for the transfer of AEBL's commercial banking business in Pakistan with all assets and liabilities (other than certain excluded assets and liabilities) (AEBL business). The shareholders of JSIBL and JSBL in their respective extra ordinary general meetings held on July 31, 2006 approved a Scheme of Amalgamation (the Scheme) under Section 48 of the Banking Companies Ordinance, 1962. The Scheme was initially approved by the Securities and Exchange Commission of Pakistan vide its letter No. C/NBFC(J)-R/JSIBL/2006/517 dated September 28, 2006. Subsequently, the Scheme was sanctioned by the SBP vide its order dated December 02, 2006 and, in accordance therewith, the effective date of amalgamation was fixed at December 30, 2006.

#### 1.1.2 Subsidiary Companies

##### 1.1.2.1 JS Global Capital Limited (JSGCL)

JS Global Capital Limited (JSGCL), the Company, is principally owned by the Bank, holding 51.05% of its equity interest. The Bank acquired effective controlling interest in JSGCL on December 21, 2011. JSGCL is a public listed company incorporated in Pakistan under the Companies Ordinance, 1984. The shares of the Company are listed on Karachi Stock Exchange Limited (KSEL) and Islamabad Stock Exchange Limited (ISEL) in Pakistan. Further, the Company is a corporate member of KSEL and member of

Pakistan Merchantile Exchange Limited (formerly National Commodity Exchange Limited). The principal business of the Company is to carry out share brokerage, money market, forex and commodity brokerage, advisory and consultancy services. Other activities include investment in a mix of listed and unlisted equity and debt securities and reverse repurchase transactions. The registered office of the Company is situated at 6th floor, Faysal House, Shakra-e-Faisal, Karachi, Pakistan.

#### **1.1.2.2 JS Investments Limited (JSIL)**

JS Investments Limited (JSIL), the Company, is principally owned by the Bank, holding 52.24% of its equity interest. The Bank acquired effective controlling interest in JSIL on November 01, 2012. JSIL is a public listed company incorporated in Pakistan on February 22, 1995 under the Companies Ordinance, 1984. The shares of the Company are listed on the KSEL in Pakistan since April 24, 2007. The registered office of the Company is situated at 7th floor, 'The Forum', Khayaban-e-Jami, Clifton, Karachi. The Company has obtained the license of an "Investment Advisor" and "Asset Management Company" (AMC) under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules) and the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations). In addition, the Company has also obtained registration to act as Pension Fund Manager under the Voluntary Pension System Rules, 2005.

**1.1.2.2.1** The Company is an asset management company and pension fund manager for the following funds at period end:

**Open end funds:**

- JS Value Fund Limited
- JS Growth Fund
- Unit Trust of Pakistan
- JS Income Fund
- JS Fund of Funds
- JS Cash Fund
- JS Islamic Government Securities

**1.1.2.2.2** The Company is pension fund manager for the following funds at period end:

**Pension funds:**

- JS Pension Savings Fund
- JS Islamic Pension Savings Fund

These funds have been treated as related parties in this consolidated condensed interim financial information.

#### **1.1.2.3 JS ABAMCO Commodities Limited (JSACL)**

The Bank owns JS ABAMCO Commodities Limited (JSACL) indirectly through its subsidiary JSIL which has 100% holding in JSACL. JSACL was incorporated on September 25, 2007 as a public unlisted company under the Companies Ordinance, 1984 and is a wholly owned subsidiary company of JSIL. The principal activities of JSACL are to deal and effectuate commodity contracts; to become member of commodity

exchange including Pakistan Mercantile Exchange Limited and to carry on the business as brokers, advisory and consultancy services, dealers and representative of all kinds of commodity contracts and commodity backed securities. The registered office of the Company is situated at 7th floor, 'The Forum', Khayaban-e-Jami, Clifton, Karachi. The Company has not commenced its commercial operations up to the balance sheet date.

## **1.2 Compliance with Minimum Capital Requirement**

On February 19, 2014, the Bank has issued 150 million un-listed, convertible, irredeemable, perpetual, non-cumulative, non-voting preference shares of Rs. 10 each which qualify for Tier I Capital under Basel III requirement. As a result of this transaction, the paid up capital of the Bank has increased by Rs. 1.5 billion and the Bank is in compliance with minimum capital requirement prescribed by the State Bank of Pakistan through its BSD Circular no. 7 dated April 15, 2009.

Further, the Bank is in the process of completing the procedural formalities for listing of these preference shares as approved by the shareholders in annual general meeting

## **1.3 Basis of consolidation**

The basis of consolidation adopted in the preparation of this consolidated condensed interim financial information is the same as those applied in the preparation of annual consolidated financial statements for the year ended December 31, 2013.

## **2. STATEMENT OF COMPLIANCE**

This consolidated condensed interim financial information of the Bank for the half year ended June 30, 2014 has been prepared in accordance with the requirements of the International Accounting Standard 34 - Interim Financial Reporting (IAS 34), provisions of the Companies Ordinance, 1984, Banking Companies Ordinance, 1962 and directives issued by the Securities and Exchange Commission of Pakistan (SECP) and the State Bank of Pakistan (SBP). In case where requirements differ, the provisions of the Companies Ordinance, 1984, the Banking Companies Ordinance, 1962 and the said directives have been followed.

The SBP has deferred the applicability of International Accounting Standard (IAS) 39 - "Financial Instruments: Recognition and Measurement" and International Accounting Standard (IAS) 40 - "Investment Property" for Banking Companies through BSD Circular Letter No. 10 dated August 26, 2002. Further, according to the notification of SECP dated April 28, 2008, IFRS - 7 - "Financial Instruments: Disclosures" has not been made applicable to banks. Accordingly, the requirements of these standards have not been considered in the preparation of this consolidated condensed interim financial information. However, investments have been classified and valued in accordance with the requirements of various circulars issued by the SBP.

The disclosures made in this consolidated condensed interim financial information has been limited based on a format prescribed by the SBP vide BSD Circular No. 2 dated May 12, 2004 and International Accounting Standard 34 - "Interim Financial Reporting" and do not include all the disclosures required

in the annual financial statements. Accordingly, this consolidated condensed interim financial information should be read in conjunction with the consolidated annual financial statements of the Bank for the year ended December 31, 2013.

### 3. BASIS OF MEASUREMENT

This consolidated condensed interim financial information has been prepared under the historical cost convention except for held-for-trading, available-for-sale investments and derivative financial instruments which are stated at fair value and defined benefit liability which is stated at net present value

### 4. ACCOUNTING ESTIMATES AND JUDGMENTS

The estimates / judgments and associated assumptions used in the preparation of this consolidated condensed interim financial information are consistent with those applied in the preparation of the consolidated annual financial statements of the Bank for the year ended December 31, 2013.

### 5. ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these consolidated condensed interim financial information are the same as those applied in the preparation of the consolidated annual financial statements of the Bank for the year ended December 31, 2013.

### 6. FINANCIAL RISK MANAGEMENT

The financial risk management objectives and policies are consistent with those disclosed in the Consolidated Annual Financial Statements of the Group for the year ended December 31, 2013.

	Note	(Unaudited) June 30, 2014	(Audited) December 31, 2013
		(Rupees in '000)	
<b>7. LENDINGS TO FINANCIAL INSTITUTIONS</b>			
Call money lendings		<b>650,000</b>	1,700,000
Lendings to financial institutions		<b>4,387,764</b>	3,529,419
Repurchase agreement lendings (Reverse repo)	7.1	<b>6,339,458</b>	16,356,380
		<b><u>11,377,222</u></b>	<u>21,585,799</u>

**7.1** Repurchase agreement lendings are secured through Pakistan Investment Bonds and Market Treasury Bills having total market value of Rs. 6,351.59 million (December 31, 2013: Rs. 16,454.32 million).

## 8. INVESTMENTS

8.1 INVESTMENTS BY TYPES:	Note	(Unaudited)			(Audited)		
		June 30, 2014			December 31, 2013		
		Held by bank	Given as collateral	Total	Held by bank	Given as collateral	Total
----- (Rupees in '000) -----							
<b>Held-for-trading securities</b>							
Market Treasury Bills		2,813,851	367,661	3,181,512	11,295,938	11,061,484	22,357,422
Pakistan Investment Bonds		3,494,729	-	3,494,729	367,638	-	367,638
Ordinary Shares of listed companies		606,133	-	606,133	648,622	-	648,622
Open end mutual funds	8.1.1	1,352,798	-	1,352,798	648,182	-	648,182
Term Finance Certificates- listed	8.1.2	32,731	-	32,731	82,438	-	82,438
Term Finance Certificates- unlisted	8.1.3	40,000	-	40,000	33,343	-	33,343
Engro Rupiya Certificates		24,280	-	24,280	46,562	-	46,562
		<b>8,364,522</b>	<b>367,661</b>	<b>8,732,183</b>	<b>13,122,723</b>	<b>11,061,484</b>	<b>24,184,207</b>
<b>Available-for-sale securities</b>							
Market Treasury Bills		5,362,331	5,546,400	10,908,731	1,371,973	1,492,101	2,864,074
Pakistan Investment Bonds		23,178,689	7,882,872	31,061,561	10,490,171	-	10,490,171
Ijara Sukuk Bonds		401	-	401	401	-	401
Ordinary shares of listed companies		1,273,373	-	1,273,373	1,252,948	-	1,252,948
Ordinary shares of unlisted companies		26,273	-	26,273	26,273	-	26,273
Preference shares of a listed company		136,590	-	136,590	136,589	-	136,589
Open end mutual funds	8.1.1	1,769,245	-	1,769,245	1,548,319	-	1,548,319
Term Finance Certificates-listed		787,426	-	787,426	864,957	-	864,957
Term Finance Certificates-unlisted	8.1.4 & 8.1.5	1,375,825	-	1,375,825	1,403,834	-	1,403,834
Foreign Currency Bonds		1,414,462	-	1,414,462	1,726,004	-	1,726,004
		<b>35,324,615</b>	<b>13,429,272</b>	<b>48,753,887</b>	<b>18,821,469</b>	<b>1,492,101</b>	<b>20,313,570</b>
<b>Investments at cost</b>		<b>43,689,137</b>	<b>13,796,933</b>	<b>57,486,070</b>	<b>31,944,192</b>	<b>12,553,585</b>	<b>44,497,777</b>
Less: Provision for diminution							
in value of investments	8.1.1, 8.1.5 & 8.1.6	(1,141,243)	-	(1,141,243)	(1,274,042)	-	(1,274,042)
<b>Investments (net of provision)</b>		<b>42,547,894</b>	<b>13,796,933</b>	<b>56,344,827</b>	<b>30,670,150</b>	<b>12,553,585</b>	<b>43,223,735</b>
Unrealised gain / (loss) on revaluation of investments							
classified as held-for-trading		4,170	61	4,231	163,532	(4,394)	159,138
Surplus/(deficit) on revaluation of							
available-for-sale securities	8.1.7 & 15	587,869	(1,096)	586,773	473,704	(1,383)	472,321
<b>Total investment at carrying value</b>		<b>43,139,933</b>	<b>13,795,898</b>	<b>56,935,831</b>	<b>31,307,386</b>	<b>12,547,808</b>	<b>43,855,194</b>



**8.1.1** Included herein are investments in the following related parties:

Name of the company	Cost		Impairment		Market Value	
	(Unaudited)	(Audited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)
	June 30, 2014	December 31, 2013	June 30, 2014	December 31, 2013	June 30, 2014	December 31, 2013
	(Rupees in '000)					
<b>Held for-trading-securities</b>						
<b>Open End Mutual Funds</b>						
JS Cash Fund	5,103	239,613	-	-	5,304	260,740
JS Income Fund	1,255,000	325,201	-	-	1,255,579	347,008
<b>Available-for-sale securities</b>						
<b>Open End Mutual Funds</b>						
JS Value Fund	503,776	490,097	(199,364)	(351,880)	595,297	443,865
JS Growth Fund - Class A	144,295	-	(79,418)	-	194,906	-
JS Growth Fund - Class B	616,269	760,563	(339,189)	(418,607)	665,906	733,990
JS Fund of Funds	87,907	36,844	-	-	91,555	51,087
JS Islamic Government Securities Fund	123,694	126,678	-	-	133,499	133,807
JS Islamic Pension Savings Fund Equity	20,000	25,000	(1,830)	(2,288)	83,608	82,985
JS Islamic Pension Savings Fund Debt	-	21,385	-	-	-	35,998
JS Islamic Pension Savings Fund Money Market	-	22,230	-	-	-	32,547
JS Pension Savings Fund Money Market	17,746	17,746	-	-	28,261	27,324
JS Pension Savings Fund Equity	24,000	30,000	(9,223)	(11,529)	76,673	76,383
JS Pension Savings Fund Debt	17,776	17,776	-	-	33,314	31,912
JS Income Fund	212,862	-	-	-	216,444	-

**8.1.2** Included herein is the investment of Rs. 6.725 million (December 31, 2013: Rs. 7.88 million) having a market value of Rs.6.528 million (December 31, 2013: Rs. 8.04 million) in Jahangir Siddiqui & Co. Ltd., parent company.

**8.1.3** Included herein is the investment of Rs. 40 million (December 31, 2013: Nil) in Jahangir Siddiqui & Co. Ltd., parent company.

**8.1.4** Included herein is the investment of Rs. 25 million (December 31, 2013: Rs. Nil) in Jahangir Siddiqui & Co. Ltd., parent company.

**8.1.5** Included herein is the investment in Azgard Nine Limited (ANL), a related party, of Rs. 65.02 million and Rs. 326.46 million (December 31, 2013: Rs. 65.02 million and Rs. 326.46 million respectively) at the rate of 6 months KIBOR ask rate + 1.25% and 11% p.a respectively and maturing on December 04, 2017 and October 19, 2020. The Group has recognised impairment on this investment of Rs. 326.46 million (December 31, 2013: Rs.326.46 million).

**8.1.6** The State Bank of Pakistan (SBP) vide its letter number BPRD/BRD-(Policy)/2014-11546 dated June 27, 2014 has allowed the relaxation from PR-8 to the Bank from provision required in respect of the Bank's exposure in Agritech Limited. The provision is held at 65% of the required provision in this consolidated financial information whereas the remaining provision will be made in phased manner at 70%, 75%, 80%, 85%, 90% and 100% by end of each quarter respectively till December 31, 2015. Had the relaxation not been granted by the SBP, the provision charge for the period would have been increased by Rs. 52.45 million.

**8.1.7** This includes surplus on revaluation of available for sale investments of subsidiaries amounting to Rs. 242.73 million (December 31, 2013: Rs. 302.09 million) which represents the pre-acquisition surplus and has been included here only for meeting with requirement of the prescribed format of Banks/DFIs issued by the State Bank of Pakistan.

	Note	(Unaudited)	(Audited)
		June 30, 2014	December 31, 2013
		(Rupees in '000)	
<b>9. ADVANCES - net</b>			
Loans, cash credits, running finances, etc.			
In Pakistan		<b>40,229,044</b>	32,490,432
Outside Pakistan		-	-
		<b>40,229,044</b>	32,490,432
Net Investment in Finance lease - in Pakistan		<b>1,012,678</b>	582,682
Bills discounted and purchased (excluding market treasury bills)			
Payable in Pakistan		<b>603,711</b>	944,448
Payable outside Pakistan		<b>2,248,265</b>	1,152,631
		<b>2,851,976</b>	2,097,079
Advances - gross		<b>44,093,698</b>	35,170,193
Provision for non-performing advances			
- specific	9.1	<b>(1,528,412)</b>	(1,398,195)
- general (against consumer financing)		<b>(4,743)</b>	(2,990)
		<b>(1,533,155)</b>	(1,401,185)
Advances - net of provision		<b>42,560,543</b>	33,769,008

**9.1** Advances include Rs. 2,657.68 million (December 31, 2013: Rs.2,758.38 million) which have been placed under non-performing status as detailed below:

Category of classification	Note	(Unaudited)				
		June 30, 2014				
		Domestic	Overseas	Total	Provision required	Provision held
(Rupees in '000)						
Other assets especially mentioned		-	-	-	-	-
Substandard		400,911	-	400,911	65,229	65,229
Doubtful		15,232	-	15,232	78	78
Loss		2,241,538	-	2,241,538	1,463,105	1,463,105
	9.1.1	<b>2,657,681</b>	-	<b>2,657,681</b>	<b>1,528,412</b>	<b>1,528,412</b>
(Audited)						
December 31, 2013						
Category of classification		Domestic	Overseas	Total	Provision required	Provision held
(Rupees in '000)						
Other assets especially mentioned		-	-	-	-	-
Substandard		414,666	-	414,666	50,016	50,016
Doubtful		34,269	-	34,269	3,361	3,361
Loss		2,309,442	-	2,309,442	1,344,818	1,344,818
		<b>2,758,377</b>	-	<b>2,758,377</b>	<b>1,398,195</b>	<b>1,398,195</b>

9.1.1 The State Bank of Pakistan (SBP) vide its letter number BPRD/BRD-(Policy)/2014-11546 dated June 27, 2014 has allowed the relaxation from PR-8 to the Bank from provision required in respect of the Bank's exposure in Agritech Limited. The provision is held at 65% of the required provision in this consolidated financial information whereas the remaining provision will be made in phased manner at 70%, 75%, 80%, 85%, 90% and 100% by end of each quarter respectively till December 31, 2015. Had the relaxation not been granted by the SBP, the provision charge (net of benefit of forced sale value) for the period would have been increased by Rs. 175.660 million.

	Note	(Unaudited)	(Audited)
		June 30, 2014	December 31, 2013
(Rupees in '000)			
<b>10. OPERATING FIXED ASSETS</b>			
Capital work-in-progress		68,759	283,078
Property and equipment	10.1	2,168,392	1,819,042
Intangible assets	10.2	1,704,849	1,648,664
		<u>3,942,000</u>	<u>3,750,784</u>

		June 30,	June 30,
		2014	2013
(Unaudited)			
(Rupees in '000)			
<b>10.1 Property and equipment</b>			
Opening WDV		1,819,042	1,619,054
Addition during the period	10.1.1	526,931	291,974
Disposal during the period	10.1.2	(6,777)	(13,652)
Depreciation for the period		(170,804)	(133,721)
		<u>2,168,392</u>	<u>1,763,655</u>

10.1.1 The following additions were made to tangible property and equipment during the period:

Building on Lease hold land	87,609	36,665
Land	215,500	-
Furniture and Fixture	21,238	17,605
Electrical, office and computer equipment	103,662	133,392
Vehicles	98,922	104,312
	<u>526,931</u>	<u>291,974</u>

10.1.2 The following deletions were made to tangible property and equipment during the period:

Leasehold improvements	-	1,894
Electrical, office and computer equipment	1,915	850
Vehicle	4,862	10,908
	<u>6,777</u>	<u>13,652</u>

		(Unaudited)	(Audited)
		June 30, 2014	December 31, 2013
(Rupees in '000)			
<b>10.2 Intangible assets</b>			
Trading Rights Entitlement Certificate (TREC)		5,727	5,727
Pakistan Mercantile Exchange Limited		3,500	3,500
Computer Software		231,998	175,813
Goodwill		1,463,624	1,463,624
		<u>1,704,849</u>	<u>1,648,664</u>

	June 30, 2014 (Unaudited) (Rupees in '000)	June 30, 2013 (Unaudited) (Rupees in '000)
<b>10.2.1 Computer Software</b>		
Opening WDV	175,813	122,975
Addition during the period	72,800	14,991
Disposal during the period	-	-
Amortization for the period	(16,615)	(10,259)
	<u>231,998</u>	<u>127,707</u>
	(Unaudited) June 30, 2014 (Rupees in '000)	(Audited) December 31, 2013 (Rupees in '000)
<b>11. DEFERRED TAX ASSETS - net</b>		
<b>Deferred tax debits arising from:</b>		
Unused tax losses	964,284	1,019,506
Provision against investments	85,153	81,025
Provision against loans and doubtful debts	131,510	236,343
Minimum tax	211,628	160,075
Provision for workers' welfare fund	35,169	31,648
Surplus on revaluation of investment classified assets as available for sale	101,224	110,464
	<u>1,528,968</u>	<u>1,639,061</u>
<b>Deferred tax credits arising due to:</b>		
Fixed assets	(181,124)	(182,948)
Goodwill	(384,201)	(358,588)
Unrealized gain on revaluation of investment classified as held for trading	(1,371)	(40,978)
Unrealized gain on revaluation of derivative financial instruments	(6,263)	(3,589)
	<u>(572,959)</u>	<u>(586,103)</u>
	<u>956,009</u>	<u>1,052,958</u>
<b>12. BORROWINGS</b>		
<b>Secured</b>		
Borrowings from SBP under export refinancing scheme	1,761,100	1,976,100
Repurchase agreement borrowings	13,759,426	17,180,603
Short-term running finance	-	-
	<u>15,520,526</u>	<u>19,156,703</u>
<b>Unsecured</b>		
Call borrowings	300,000	990,000
Overdrawn nostro accounts	4,851	4,143
	<u>304,851</u>	<u>994,143</u>
	<u>15,825,377</u>	<u>20,150,846</u>

	(Unaudited) June 30, 2014	(Audited) December 31, 2013
	(Rupees in '000)	
<b>13. DEPOSITS AND OTHER ACCOUNTS</b>		
<b>Customers</b>		
Fixed deposits	26,339,036	25,729,940
Savings deposits	24,664,034	24,082,503
Current accounts - non-remunerative	37,081,061	22,146,983
Margin accounts	927,245	484,583
	<u>89,011,376</u>	<u>72,444,009</u>
<b>Financial institutions</b>		
Remunerative deposits	1,406,037	7,515,047
Non-remunerative deposits	3,570,469	96,220
	<u>4,976,506</u>	<u>7,611,267</u>
	<u>93,987,882</u>	<u>80,055,276</u>
<b>13.1 Particulars of deposits</b>		
In local currency	88,129,310	73,909,009
In foreign currencies	5,858,572	6,146,267
	<u>93,987,882</u>	<u>80,055,276</u>
<b>14. PREFERENCE SHARES</b>		

On February 19, 2014, the Bank has issued 150 million preference shares of Rs 10 each. As a result of this transaction, the paid-up capital of the Bank has increased by Rs 1.5 billion. The major terms and conditions of the preference shares are as follows:

**Instrument:** Un-listed, convertible, irredeemable, perpetual, non-cumulative, non-voting preference shares.

**Issue Price:** Issued at par value of Rs 10 per shares;

**Tenure:** Four years from the date of issuance of Preference shares;

**Conversion ratio:** For every one preference share, 1.5 ordinary shares will be issued i.e. 1:1.5

**Dividend:** Non-cumulative at the rate of 12% per annum fixed. No compensation would be available to the Preference shareholders other than the agreed return i.e. 12% p.a. which will be paid in the form of cash dividend. The distribution of dividend is not obligatory and will be allowed only if the Bank has earned sufficient profit in the current year to pay dividend and is in compliance with all the regulatory capital (MCR and CAR) and provisioning requirements.

Further, the Bank is in the process of completing the procedural formalities for listing of these preference shares as approved by the shareholders in annual general meeting.

	(Unaudited) June 30, 2014	(Audited) December 31, 2013
<b>15. SURPLUS / (DEFICIT) ON REVALUATION OF ASSETS - net of tax</b>		
<b>Surplus / (deficit) on revaluation of available-for-sale securities - net of tax</b>		
Government securities	(446,946)	(447,059)
Ordinary shares - listed	51,547	142,435
Preference shares - listed	22,610	21,003
Open end mutual funds	762,591	583,787
Term finance certificates - listed	(59,815)	(54,040)
Foreign currency bonds	14,073	(75,899)
	<u>344,060</u>	<u>170,227</u>
Related deferred tax liability	101,224	110,464
	<u>445,284</u>	<u>280,691</u>
Group's share	142,833	49,433
Non-controlling interest	302,451	231,258
	<u>445,284</u>	<u>280,691</u>
<b>16. CONTINGENCIES AND COMMITMENTS</b>		
<b>16.1 Transaction-related contingent liabilities</b>		
Includes performance bonds, bid bonds, warranties, advance payment guarantees, shipping guarantees and standby letters of credit related to particular transactions.		
i) Government	3,079,503	2,520,803
ii) Banking companies and other financial institutions	247,812	210,521
iii) Others	1,179,114	333,832
	<u>4,506,429</u>	<u>3,065,156</u>
<b>16.1.1</b>	Included herein the outstanding guarantees of Rs. 19.854 million (December 31, 2013: Rs.5.612 million) of related parties.	
<b>16.2 Trade-related contingent liabilities</b>		
Documentary credits	<u>6,903,631</u>	<u>4,882,691</u>
<b>16.3 Other contingencies</b>		
Claims not acknowledged as debts	<u>66,754</u>	<u>66,896</u>
<b>16.4 Commitments in respect of forward exchange contracts</b>		
Purchase	<u>4,786,080</u>	<u>6,988,325</u>
Sale	<u>5,616,008</u>	<u>6,485,184</u>
<b>16.5 Commitments in respect of forward equity and other securities</b>		
Purchase	<u>3,980,000</u>	<u>-</u>
Sale	<u>2,485,261</u>	<u>394,964</u>
<b>16.6 Commitments in respect of forward lending</b>		
Forward commitment to extend credit	<u>2,833,519</u>	<u>675,700</u>

	(Unaudited) June 30, 2014	(Audited) December 31, 2013
	(Rupees in '000)	
<b>16.7 Other commitments</b>		
Royalty and advisory fee	<u>15,000</u>	<u>15,000</u>
Commitment in respect of capital expenditure	<u>39,104</u>	<u>75,320</u>
Motor Vehicle acquired under ijarah from Bnak Islami Limited - related party - Due in one year	<u>-</u>	<u>1,209</u>
<b>16.8 Derivative Instruments</b>		
Cross currency swaps (notional principal)	<u>1,084,500</u>	<u>1,084,500</u>
<b>16.9 Tax contingencies</b>		

#### JS Global Capital Limited, the Company

The Company received a show cause notice from Sindh Revenue Board (SRB) demanding payment of sales tax amounting to Rs. 19.65 million for the period from July 2011 to June 2012 under section 47 of Sindh Sales Tax on Services Act, 2011. Subsequently an order was passed reducing the demand to Rs. 9.86 million along with default surcharge. The Company filed an appeal against the said order which was decided against the Company. The Company is now in the process of filing an appeal before the tribunal. During the year, the Company paid an amount of Rs. 7.15 million before June 25, 2014 under the notification SRB 3-4/8/2014 to avail the exemption of the penalty and 75% of default surcharge.

Further, during the year, the Company received another show cause notice from SRB demanding payment of sales tax amounting to Rs. 34.69 million for the period from July 2012 to December 2013 under section 47 of Sindh Sales Tax on Services Act, 2011. Hearing is under progress and no order has been passed so far in this regard. However, the Company has paid an amount of Rs. 9.23 million before June 25, 2014 under the notification SRB 3-4/8/2014 to avail the exemption of the penalty and 75% of default surcharge.

The management based on its discussion with its tax advisor, is confident that the above matter will be decided in favor of Company.

- 16.10** There is no change in contingent liabilities since the date of annual consolidated audited financial statements for the year ended December 31, 2013 except as disclosed above.

#### 17. ADMINISTRATIVE EXPENSES

This includes salaries, wages and allowances amounting to Rs.892.34 million (June 30, 2013: Rs. 783.763 million), rent, taxes, insurance and electricity charges amounting to Rs. 334.5 million (June 30, 2013: Rs. 302.586 million), repair and maintenance Rs. 244.897 million (June 30, 2013: Rs. 215.024 million) and depreciation and amortisation amounting to Rs. 166.29 million (June 30, 2013: Rs. 143.982 million).

	Note	(Unaudited)			
		Quarter ended		Half year ended	
		June 30, 2014	June 30, 2013	June 30, 2014	June 30, 2013
----- (Rupees in '000) -----					
<b>18. OTHER CHARGES</b>					
Penalties imposed by State Bank of Pakistan		-	-	-	21
Provision for Workers' Welfare Fund (WWF)	18.1	<u>9,434</u>	<u>11,067</u>	<u>16,256</u>	<u>14,974</u>
		<u>9,434</u>	<u>11,067</u>	<u>16,256</u>	<u>14,995</u>

- 18.1** Provision held @ 2% of the higher of profit before tax or taxable income under Workers Welfare Ordinance, 1971.

#### 19. TAXATION

In view of the tax losses of the Bank and JS Investments Limited (the subsidiary), tax provision has been made subject to minimum taxation @ 1% under section 113 of Income Tax Ordinance, 2001 in this consolidated condensed interim financial information.

## 20. BASIC AND DILUTED EARNINGS PER SHARE

		Quarter ended		Half year ended	
		June 30,			
		2014	2013	2014	2013
Profit after taxation for the period - attributable to ordinary equity holders of the Bank for basic and diluted	(Rs. in '000)	<u>172,512</u>	<u>138,488</u>	<u>428,967</u>	<u>144,634</u>
Weighted average number of basic outstanding ordinary shares during the period to	(Numbers in '000)	<u>1,072,464</u>	<u>1,072,464</u>	<u>1,072,464</u>	<u>1,072,464</u>
Weighted average number of diluted outstanding ordinary shares during the period to	(Numbers in '000)	<u>1,297,464</u>	<u>1,072,464</u>	<u>1,236,553</u>	<u>1,072,464</u>
Basic earnings per share	Rupee	<u>0.16</u>	<u>0.13</u>	<u>0.40</u>	<u>0.13</u>
Diluted earnings per share	Rupee	<u>0.13</u>	<u>0.13</u>	<u>0.35</u>	<u>0.13</u>

## 21. ACTUARIAL GAINS / (LOSSES) ON DEFINED BENEFIT PLAN - NET OF TAX

For recognition of actuarial gains and losses immediately in this consolidated condensed interim financial information, based on assumptions and judgments used in recent actuarial valuation carried out at the end of December 31, 2013, the Bank has not engaged actuary at the half year end as the impact of remeasurement of the defined benefit (liability) / asset is not material.

## 22. RELATED PARTY TRANSACTIONS

The Group has related party relationship with its associates, parent, companies having common directors, companies in which parent holds more than 20% shares, employee benefit plans, and its key management personnel (including their associates).

Contributions to the accounts in respect of staff retirement benefits are made in accordance with terms of the contribution plans. Remuneration of the key management personnel are in accordance with the terms of their employment. Other transactions are carried out as per agreed terms.

The details of transactions with related parties, other than those which have been specifically disclosed elsewhere in the financial information is as follows:

	Key management personnel		Other related parties		Total	
	(Unaudited)	(Audited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)
	June 30, 2014	December 31, 2013	June 30, 2014	December 31, 2013	June 30, 2014	December 31, 2013
----- (Rupees in '000) -----						
<b>Advances and trade debts</b>						
Opening balance	<u>170,048</u>	94,071	<u>1,533,221</u>	1,378,039	<u>1,703,269</u>	1,472,110
Disbursements	<u>189,034</u>	107,070	<u>1,594,042</u>	3,388,554	<u>1,783,076</u>	3,495,624
Repayments	<u>(55,540)</u>	(31,093)	<u>(1,542,551)</u>	(3,233,372)	<u>(1,598,091)</u>	(3,264,465)
Balance as at	<u>303,542</u>	<u>170,048</u>	<u>1,584,712</u>	<u>1,533,221</u>	<u>1,888,254</u>	<u>1,703,269</u>
Disbursements during the half year ended June 30, 2013		<u>25,282</u>		<u>1,608,205</u>		<u>1,633,487</u>
Repayments during the half ended June 30, 2013		<u>(16,023)</u>		<u>(1,785,169)</u>		<u>(1,801,192)</u>
Mark-up / return / interest earned for the half year ended (un-audited) - June 30	<u>4,764</u>	2,068	<u>59,321</u>	62,234	<u>64,085</u>	64,302



	Ultimate Parent		Key management personnel		Other related parties			Total	
	(Unaudited) June 30, 2014	(Audited) December 31, 2013	(Unaudited) June 30, 2014	(Audited) December 31, 2013	(Unaudited) June 30, 2014	(Audited) December 31, 2013	(Unaudited) June 30, 2014	(Audited) December 31, 2013	
<b>Deposits and trade payable</b>									
Opening balance	1,557,270	2,002,829	23,012	16,731	5,955,347	4,387,067	7,535,629	6,406,627	
Deposits during the period	2,421,186	8,779,869	290,398	492,958	34,946,561	59,790,860	37,658,145	69,063,687	
Withdrawals during the period	(3,912,938)	(9,225,428)	(284,481)	(486,677)	(38,735,510)	(58,222,580)	(42,932,929)	(67,934,685)	
Balance as at	65,518	1,557,270	28,929	23,012	2,166,398	5,955,347	2,260,845	7,535,629	
Deposits during the half year ended June 30, 2013		5,011,128		138,880		22,720,873		27,870,881	
Withdrawals during the half year ended June 30, 2013		(5,014,839)		(138,489)		(23,857,735)		(29,011,063)	
Mark-up / return / interest expensed									
half year ended (un-audited) - June 30	35,591	64,691	581	150	1,69,715	1,63,928	2,05,887	228,769	

Material transactions with related parties are given below:

	Companies having common directorship		Companies in which parent company holds 20% or more		Other related parties			Total	
	June 30, 2014	June 30, 2013	June 30, 2014	June 30, 2013	June 30, 2014	June 30, 2013	June 30, 2014	June 30, 2013	
<b>Nature of transactions</b>									
Sale of Government Securities	140,447	46,196,533	71,066,837	-	1,798,745	305,953	73,006,029	46,502,486	
Purchase of Government Securities	-	16,345,268	15,784,007	-	155,588	4,491	15,939,595	16,349,759	
Issuance of Preference Shares	-	-	-	-	12,243	-	12,243	-	
Sale of Sukuk / Ijara	-	-	-	-	-	-	-	-	
Sale of shares / Units	-	-	-	-	1,341,191	279,175	1,341,191	279,175	
Purchase of shares / Units	-	-	-	-	2,492,275	170,000	2,492,275	170,000	
Rent / other receivable	-	-	-	-	367,924	27,114	367,924	27,114	
Call borrowing / Repo	-	-	-	-	-	-	-	7,500,000	
Purchase of forward foreign exchange contracts	-	-	-	7,500,000	-	-	-	-	
Sale of forward foreign exchange contracts	-	-	-	4,818,017	-	-	-	4,818,017	
Letter of guarantees	-	-	-	6,434,814	-	-	-	6,434,814	
	584	-	-	-	19,200	5,613	19,784	5,613	

Nature of transactions	Companies having common directorship		Companies in which parent company holds 20% or more			Other related parties			Total	
	June 30, 2014	June 30, 2013	June 30, 2014	June 30, 2013	June 30, 2014	June 30, 2013	June 30, 2014	June 30, 2013	June 30, 2014	June 30, 2013
	(Un-audited)									
	(Rupees in '000)									
<b>Nature of transactions</b>										
Payment to staff benefit plan	-	-	-	-	1,290	22,968	1,290	22,968	1,290	22,968
Payment to staff contribution plan	-	-	-	-	34,576	28,531	34,576	28,531	34,576	28,531
Remuneration of key management personnel	-	-	-	-	97,220	84,319	97,220	84,319	97,220	84,319
Director fees and allowances	-	-	-	-	2,017	3,762	2,017	3,762	2,017	3,762
Insurance claim received	6,378	3,526	-	-	-	-	-	-	6,378	3,526
Insurance premium paid	36,853	42,374	18,558	-	2,208	2,517	2,208	2,517	57,619	44,891
Services rendered	-	-	-	-	-	8	-	8	-	8
Rent income received / receivable	-	-	-	-	497	-	497	-	497	-
Expenses incurred on behalf	99	-	-	-	653	1,482	752	1,482	752	1,482
Reimbursement of expenses	64	-	-	-	1,049	18,759	1,113	18,759	1,113	18,759
Commission income	9	-	50,340	-	351,590	1,427	401,939	1,427	401,939	1,427
Dividend income	-	49,824	-	-	-	141,606	-	191,430	-	191,430
Consultancy	-	-	-	-	9,000	9,000	9,000	9,000	9,000	9,000
Markup expense on repo	-	-	-	2,562	-	-	-	2,562	-	2,562
Ijarah rental expense	-	-	-	-	-	1,176	-	1,176	-	1,176
Royalty expenses	-	-	-	-	15,000	15,000	15,000	15,000	15,000	15,000
Donation expense	-	-	-	-	4,859	-	4,859	-	4,859	-
Remunerative income	-	-	-	-	113,843	131,825	113,843	131,825	113,843	131,825
	<b>Ultimate Parent</b>									
	June 30, 2014	June 30, 2013								
	(Unaudited)									
	(Rupees in '000)									
<b>Nature of transactions</b>										
Issuance of Preference Shares	1,453,749	-	-	-	-	-	-	-	-	-
Purchase of Term Finance Certificates	25,000	-	-	-	-	-	-	-	-	-
Sale of Government Securities	465,069	1,603,950	-	-	-	-	-	-	-	-
Purchase of Government Securities	40,000	-	-	-	-	-	-	-	-	-
Rent expense paid / accrued	21,500	485	-	-	-	-	-	-	-	-
Reimbursement of expenses	1,699	1,024	-	-	-	-	-	-	-	-
Mark up income	686	-	-	-	-	-	-	-	-	-
The Underwriting Commission	3,056	-	-	-	-	-	-	-	-	-

### 23. SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES

The segment analysis with respect to business activities are as follows:

	2014							
	Corporate finance	Trading and sales	Retail banking	Commercial banking	Payment and settlement	Brokerage	Asset Management	Others

(Rupees in '000)

#### June 30, 2014 (unaudited)

Total income -external	24,407	2,971,299	1,166,074	1,106,766	73,532	288,888	352,256	9,493	5,992,715
Inter-segment revenues-net	-	(1,903,986)	2,016,099	(112,113)	-	-	-	-	-
Total income	24,407	1,067,313	3,182,173	994,653	73,532	288,888	352,256	9,493	5,992,715
Total expenses	(2,437)	(681,288)	(3,055,090)	(1,011,955)	(28,120)	(155,216)	(105,883)	(169,949)	5,209,938)
Current taxation	-	-	-	-	-	-	-	(99,626)	(99,626)
Deferred taxation	-	-	-	-	-	-	-	(87,709)	(87,709)
Net income / (loss)	21,970	386,025	127,083	(17,302)	45,412	133,672	246,373	(347,791)	595,442

#### June 30, 2014 (unaudited)

Segment assets (gross)	-	63,920,758	21,754,270	23,016,191	-	2,820,292	2,873,353	15,424,372	129,809,236
Segment non performing loans and Impaired Investments	-	387,322	98,756	2,558,925	-	326,456	1,224,252	-	4,595,711
Segment provision required	-	(243,295)	(43,355)	(1,489,800)	-	(326,456)	(571,492)	-	(2,674,398)
Segment liabilities	-	14,062,433	79,198,167	16,550,814	2,106,192	106,133	131,216	1,496,124	113,651,079

	2013							
	Corporate finance	Trading and sales	Retail banking	Commercial banking	Payment and settlement	Brokerage	Asset Management	Others

(Rupees in '000)

#### June 30, 2013 (unaudited)

Total income -external	37,691	2,645,780	399,545	931,886	91,769	304,725	229,153	44,063	4,684,612
Inter-segment revenues-net	-	(1,650,187)	1,837,558	(187,371)	-	-	-	-	-
Total income	37,691	995,593	2,237,103	744,515	91,769	304,725	229,153	44,063	4,684,612
Total expenses	(1,294)	(536,819)	(2,266,230)	(926,620)	(24,768)	(161,303)	(127,654)	(252,542)	(4,297,230)
Current taxation	-	-	-	-	-	-	-	(118,782)	(118,782)
Deferred taxation	-	-	-	-	-	-	-	(21,956)	(21,956)
Net income / (loss)	36,397	458,774	(29,127)	(182,105)	67,001	143,422	101,499	(349,217)	246,644

#### December 31, 2013 (audited)

Segment assets (gross)	-	62,527,245	13,572,509	21,557,671	-	2,766,490	2,645,529	14,752,215	117,821,659
Segment non performing loans and Impaired Investments	-	371,451	102,892	2,655,486	-	724,132	716,086	-	4,570,047
Segment provision required	-	(231,500)	(44,861)	(1,356,324)	-	(724,132)	(716,086)	-	(3,072,903)
Segment liabilities	-	18,174,746	61,293,743	20,737,631	1,414,793	344,172	158,182	1,317,924	103,441,191

## 24. GENERAL

24.1 Comparative figures in this consolidated condensed interim financial information have been re-arranged and re-classified to reflect more appropriate presentation of events and transactions for the purpose of comparison, which as follows:

Description	June 30, 2014		Reclassified	
	Quarter ended	Half year ended	From	To
	Rupees in (000)			
Provision for Workers' Welfare Fund (WWF)	9,434	16,256	Administrative expenses	Other charges

24.2 The figures in this consolidated condensed interim financial information have been rounded off to the nearest thousand.

## 25. DATE OF AUTHORISATION FOR ISSUE

This consolidated condensed interim financial information was authorised for issue by the Board of Directors on August 19, 2014.

\_\_\_\_\_  
Chairman

\_\_\_\_\_  
President &  
Chief Executive Officer

\_\_\_\_\_  
Director

\_\_\_\_\_  
Director



## **JS Bank Limited**

Head office:

Shaheen Commercial Complex

Dr. Ziauddin Ahmed Road

P.O. Box 4847

Karachi-74200

Pakistan

**UAN:** +92 21 111 JS Bank (572-265)

**Tel:** +92 21 3227 2569-80

**Fax:** +92 21 3263 1803

0800 011 22

[www.jsbl.com](http://www.jsbl.com)